

# ICE Futures U.S.<sup>®</sup>, Inc.

## COFFEE "C"<sup>®</sup> RULES

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# ICE FUTURES U.S.<sup>®</sup>, INC.

## COFFEE "C" RULES FUTURES

### **Rule 8.00. Scope of Chapter**

The Rules in this Chapter govern Transactions in the Coffee "C" Futures and Coffee Options Contracts of the Exchange. All such contracts, and all trading therein, shall be subject to the Rules, including the terms and conditions set forth in this Chapter.

**Amended by the Board April 15, 2009; effective April 24, 2009.**

### **Rule 8.01. Definitions; Calculation of Time**

(a) In this Chapter and in all procedures and resolutions adopted by the Board hereunder, the following terms shall have the meanings indicated, unless the context otherwise requires:

#### **(1) Certificate of Grade**

The term "Certificate of Grade" shall mean an electronic record created on eCOPS in accordance with eCOPS procedures which signifies that coffee has been graded. Such record shall state that the coffee either meets or does not meet Exchange standards.

#### **(2) Chop**

The term "Chop" shall mean all or any portion of a shipment of coffee of identical growth, ports of embarkation and importation, and identifying marks.

#### **(3) Date of Delivery**

The term "Date of Delivery" shall mean the date seven (7) Business Days following the date of issue of the Delivery Notice, except as the Rules may otherwise provide.

#### **(4) Delivery Notice**

The term "Delivery Notice" shall mean the notice of intention to deliver one (1) or more Lots of Coffee in the form prescribed by the Exchange.

#### **(5) Delivery Worksheet**

The term "Delivery Worksheet" shall mean an electronic record created on eCOPS on the day the Delivery Notice is issued to the Clearing Organization by a Clearing Member, which shall be maintained and updated, as applicable, during the seven (7) Business Days until the Date of Delivery, as further described in Rule 8.11.

#### **(6) eCOPS**

The term "eCOPS" shall mean the electronic commodity operations system utilized by the Exchange.

#### **(7) EWR**

The term "EWR" shall mean the electronic warehouse receipt record created on eCOPS by a warehouse concerning coffee that is stored in such warehouse.

#### **(8) Exchange Invoice**

The term "Exchange Invoice" shall mean an electronic record created on eCOPS from the data contained on the Delivery Notice and Delivery Worksheet, showing the amount to be paid by the Receiver for the delivery of the Coffee identified in such invoice. If the data for one (1) or

more Weight Notes is not contained in the final Delivery Worksheet, the Exchange Invoice shall be calculated so that the amount to be paid by the Receiver is ninety (90) percent of the delivery price, and eCOPS shall designate such Exchange Invoice as a “pro forma Exchange Invoice”.

**(9) Last Notice Day**

The term "Last Notice Day" shall mean the seventh (7<sup>th</sup>) Business Day prior to the last Business Day of a delivery month or such other day the Board shall determine.

**(10) Last Trading Day**

The term "Last Trading Day" shall mean the Business Day prior to the Last Notice Day.

**(11) Notice of Transfer**

The term "Notice of Transfer" shall mean an electronic record created on eCOPS that changes the Title Holder of an EWR from a Clearing Member to the Clearing Organization and from the Clearing Organization to a Clearing Member in connection with a delivery of Coffee.

**(12) Port of Miami**

The “Port of Miami” shall mean both Port Everglades as defined from time to time by Broward County and the Port of Miami Free Trade Zone as defined from time to time by Miami-Dade County.

**(13) Port of New Orleans**

The “Port of New Orleans” shall mean the parishes of Orleans, St. Bernard, Jefferson and St. Charles located in the state of Louisiana.

**(14) Port of Virginia**

The “Port of Virginia” shall mean all areas within a twenty-five (25) mile radius of 101 East Main Street, Norfolk, Virginia.

**(15) Reconditioning**

The term "Reconditioning" shall mean a process wherein coffee beans, which are damaged by wet or mold and are restricted to one (1) area of the bag, are removed from the bag and may or may not be replaced.

**(16) Sampling Confirmation**

The term “Sampling Confirmation” shall mean an electronic record created on eCOPS in which a licensed master sampler notifies the Exchange and the Person requesting the sample to confirm that such sampler obtained the requested sample in accordance with the Rules.

**(17) Weight Note**

The term “Weight Note” shall mean an electronic record created on eCOPS in which a licensed weighmaster notifies the Exchange, the owner of the coffee and the warehouse storing such coffee, as to the weight of the coffee.

(b) In computing any period of time prescribed or allowed in this Chapter or in any procedural resolution adopted by the Board hereunder, (i) all times shall refer to New York time, and (ii) the day of the act or omission from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday, or Exchange Holiday, in which event the period runs until the close of business on the next day which is not a Saturday, Sunday, or Exchange Holiday.

**Amended by the Board July 9, 2014; effective July 29, 2014 [¶¶ (a)(14) through (a)(17) with the addition of the Port of Virginia].**

**Amended by the Board September 9, 2020; effective October 19, 2020 [¶ (a)(12)].**

**Rule 8.02. Contractual Obligations**

The seller of a Coffee "C" Futures Contract agrees to sell and deliver to the buyer, and the buyer of a Coffee "C" Futures Contract agrees to buy and receive from the seller, one (1) Lot of Coffee "C" in the delivery month at the price agreed upon at the time the Transaction is executed and payable in accordance with the Rules.

**Rule 8.03. Coffee "C" Lot**

A Lot of Coffee "C" shall consist of thirty-seven thousand five hundred (37,500) pounds of washed arabica coffee of the growths of Brazil, Burundi, Colombia, Costa Rica, Dominican Republic, Ecuador, Guatemala, Honduras, India, Kenya, Mexico, Papua New Guinea, Nicaragua, Panama, Peru, Rwanda, Salvador, Tanzania, Uganda, or Venezuela.

**Amended by the Board December 9, 2010; effective with March 2013 delivery month and all subsequent delivery months thereafter.**

**Rule 8.04. Standards**

Coffee "C" shall consist of one (1) growth, in sound condition, free from all unwashed and aged flavors in the cup, of good roasting quality, and of bean size and color in accordance with criteria established by the Exchange. No delivery shall be permitted of coffee containing more than fifteen (15) full imperfections below the basis for the respective growth, except that in the case of Colombian coffee no delivery shall be permitted of coffee containing more than ten (10) full imperfections below the basis for the respective growth. Imperfections shall be established on the basis of a grading schedule established by the Exchange.

**Amended by the Board December 9, 2010; effective with March 2013 delivery month and all subsequent delivery months thereafter.**

**Rule 8.05. Delivery Months**

(a) Unless the Board otherwise directs, trading shall be limited to coffee deliverable in the months of March, May, July, September and December. Coffee "C" Futures Contracts shall not be recognized by the Exchange extending beyond a period of sixty (60) months, including the current month. Trading in a new delivery month shall, unless the Board otherwise determines, be initiated at the opening of trading on the first (1<sup>st</sup>) Business Day of the fifty-ninth (59<sup>th</sup>) month preceding any delivery month.

(b) The Exchange may make such amendments, that are consistent with the Act and the regulations thereunder, to any and all terms and conditions of the Coffee "C" Futures Contract and may implement such amendments with respect to delivery months for which the first (1<sup>st</sup>) day delivery notices may be issued is more than twenty-four (24) months away, whether or not such delivery or expiration month has any open interest.

**Amended by the Board August 10, 2007; effective November 16, 2007 [¶¶ (a) and (b)].**

**Rule 8.06. Price Basis**

The price of a Lot of Coffee "C" shall be quoted as the price per pound for growths of Costa Rica, Guatemala, Kenya, Mexico, Nicaragua, Panama, Papua New Guinea, Salvador, Tanzania, or Uganda with differentials and allowances for grades and other growths, delivery points, or weight as may be established by the Board.

**Rule 8.07. Revisions in Coffee “C” Futures Contract**

(a) From time to time, the Coffee Committee shall make recommendations to the Board to amend schedules of differentials in respect to coffees deliverable under the then current Coffee “C” Futures Contract which differentials shall, at the time of said report, be realistically related to the inherent quality of the growths relative to each other. If the differentials so determined shall be different from those previously determined by the Board in accordance with Rule 8.06, the Board shall so provide by resolution pursuant to Rule 8.06.

(b) Anything elsewhere contained in this Rule to the contrary notwithstanding, the Coffee Committee need not report, and the Board need not determine, differentials for coffees deliverable under Coffee “C” Futures Contracts in which trading has been suspended or discontinued for delivery months beginning not later than twenty-four (24) months after the month in which such differentials would otherwise be reported and determined.

**Rule 8.08. Price Fluctuations**

(a) All bids and offers to buy or sell Coffee “C” Futures Contracts shall be quoted per pound in cents and decimal fractions of a cent. No Transactions, except AA or EFS Transactions as provided in Rule 4.06, shall be permitted at a price which is not a multiple of five one-hundredths of one cent per pound.

(b) The Board may, without previous notice, prescribe, modify, or suspend maximum permissible price fluctuations for Transactions in Coffee “C” Futures Contracts.

**Rule 8.09. eCOPS**

In order to make delivery of Coffee under the Coffee “C” Futures Contract, a Member must execute an eCOPS Participant Agreement with eCOPS, LLC. No delivery may be made using a warehouse receipt other than an EWR.

**Rule 8.10. Certificate of Grade**

(a) Coffee to be delivered under a Coffee “C” Futures Contract must be sampled, graded, weighed, and certified in accordance with procedures specified herein or adopted by the Board.

(b) The Exchange, through eCOPS, will issue a Certificate of Grade with respect to each Chop of coffee for which a Sampling Order has been submitted. Only a Chop of coffee which has been issued a Certificate of Grade which states that the coffee meets Exchange standards may be delivered under the Coffee “C” Futures Contract.

(c) The Exchange may at any time suspend, cancel or revoke a Certificate of Grade previously issued, if the Exchange has reason to believe that the coffee covered by such Certificate of Grade:

- (1) does not run uniform as to grade;
- (2) was sampled, graded, or certified in any manner inconsistent with the Rules; or
- (3) the Exchange has reason to believe that the coffee covered does not satisfy the minimum standards for delivery under the Coffee “C” Futures Contract.

(d) The Exchange, its officers, committee members, or employees, whether or not negligent, shall not be liable: (i) in any way by reason of the fact that coffee delivered under Coffee “C” Futures Contracts was not sampled, graded, weighed, or certified in accordance with the Rules; or (ii) for the authenticity, validity, or accuracy of documents or any other information or data prepared by third (3<sup>rd</sup>) parties (including samplers, weighers, and warehouses) not in the employ of the Exchange, notwithstanding the fact that the Exchange might select or license such third (3<sup>rd</sup>) parties to take certain actions in accordance with the Rules, unless it is established that the

Exchange, its officers, committee members, or employees acted in bad faith in failing to take action or in taking such action as was taken, and that such failure or action caused any loss.

(e) Except as otherwise provided in the Rules, a Certificate of Grade shall remain in full force and effect for any future delivery.

(f) A Certificate of Grade which states that the coffee meets Exchange standards shall automatically become invalid if the coffee covered thereby has been (i) moved to an unlicensed store from a Licensed Store, or (ii) moved from a Licensed Store in one (1) port to a Licensed Store in another port.

(g)(i) In the event coffee is moved from one (1) Licensed Store to another Licensed Store in the same warehouse building of a licensed warehouse, the warehouse storing such coffee shall so notify the Exchange and the Member owning the coffee.

(ii) In the event coffee is moved from one (1) Licensed Store to another Licensed Store in a different warehouse building or in a different licensed warehouse, the Certificate of Grade covering such coffee shall automatically become invalid unless:

(1) the warehouse storing or the owner of such coffee notifies the Exchange and the Exchange authorizes such move, and

(2) the Exchange supervises the move.

The cost of supervising the move of such coffee will be billed by the Exchange to the Member who owns such coffee; provided, however, that in the event such coffee must be moved to another Licensed Store because of the expiration, suspension, or cancellation, for any reason, of the license covering the Licensed Store within which the coffee was located, the warehouse from which the coffee is to be moved shall be liable to the Member moving such coffee for the full cost of such move, including the cost of Exchange supervision.

(iii) In the event that coffee that is moved pursuant to this paragraph (g) has been previously weighed for Exchange delivery, the Exchange weights shall be invalidated at the time of the move, and new Exchange weights shall be issued and entered upon the completion of the move of each chop of coffee; provided, however, if such coffee is moved at the request of the owner, new Exchange weights will only be issued and entered upon the owner's request.

(h) A Certificate of Grade shall automatically become invalid if, after sixty (60) days from the date of the warehouse notice to the owner, the rebagging indicator remains on the Lot(s).

(i) A Certificate of Grade which states that the coffee meets Exchange standards constitutes conclusive evidence, binding on all parties, that the coffee referred to therein meets the minimum standards for delivery under the Coffee "C" Futures Contract and is of the grade set forth in such Certificate of Grade, subject only to the provisions of paragraph (c) this Rule.

(j) The Exchange, at any time and in its sole discretion, may order that coffee for which a Certificate of Grade has been issued be resampled, regraded, and reinspected for uniformity. The fees and costs of any resampling, regrading, or reinspection conducted hereunder may, in the event a discrepancy is discovered, be assessed by the Exchange against the Person who last submitted the coffee for certification or such other Person as the Exchange determines.

(k) If coffee covered by a Certificate of Grade is delivered on a contract other than an Exchange contract, the Deliverer must notify, in writing, the Commodity Operations Department of the Exchange ("Commodity Operations") within five (5) Business Days of the delivery. Such notice shall also include a statement indicating whether or not the Certificate of Grade covering such coffee was transferred to the Receiver. If the Certificate has not been transferred, the Certificate will be automatically invalidated.

**Amended by the Board April 15, 2009; effective April 17, 2009 [¶(g)(iii)].**

**Amended by the Board April 15, 2009; effective April 24, 2009 [¶(k)].**

**Amended by the Board November 11, 2009; effective November 16, 2009 [¶(g)(iii)].**

**Rule 8.11. Delivery Notices**

(a) A Clearing Member with an open short Position wishing to make delivery of Coffee under a Coffee "C" Futures Contract shall present to the Clearing Organization a notice of intention to deliver Coffee in the form prescribed by the Exchange (the "Delivery Notice").

(b) All Delivery Notices:

(1) shall be for one (1) or more Lots;

(2) shall be issued no earlier than seven (7) Business Days prior to the first (1<sup>st</sup>) Business Day of the delivery month and no later than the Last Notice Day;

(3) shall be presented to the Clearing Organization by the Clearing Member making delivery not later than the time specified by the Clearing Organization on the Business Day preceding the date of issue;

(4) shall state the amount and description of the Coffee tendered and bear a price per pound equal to the Settlement Price on the Business Day preceding the date of issue of the Notice; and

(5) shall entitle the holder thereof to sample the Coffee referred to in the Delivery Notice.

(6) Notwithstanding the foregoing provisions of this paragraph (b), if a Member transfers any contracts after the close of trading in accordance with Rule 4.37(e):

(A) The failure of such Member to issue a Delivery Notice with respect to such contracts shall not be deemed a violation of this Rule;

(B) If any contracts transferred offset any contracts with respect to which the transferee had issued a Delivery Notice such Delivery Notice shall be deemed amended to reflect the deletion of the contracts so offset; and

(C) If any contracts transferred do not offset any contracts with respect to which the transferee had issued a Delivery Notice, the transferee shall issue a Delivery Notice in accordance with this Rule.

(c) The Date of Delivery shall be seven (7) Business Days following the date of issue except as the Rules may otherwise provide.

(d) No Delivery Notice shall be issued on day that is not a Business Day.

(e) Upon receipt of a Delivery Notice, the Clearing Organization shall issue it in accordance with the Clearing Organization Rules.

(f) A holder of a "stopped notice" may at the option of the issuer thereof arrange to have such notice taken back by such issuer upon such terms as are mutually agreed to by such issuer and such holder.

(g) During the seven (7) Business Days between the issuance of the Delivery Notice and the Date of Delivery, the Delivery Worksheet will be accessible to each Deliverer and Receiver through eCOPS showing information as to the Delivery Date, Issuer, Stopper, Exchange ID, EWR Number, Warehouse, Delivery Port, Weight, Invoice Amount and such other information as the Exchange shall determine.

**Amended by the Board January 24, 2007; effective January 25, 2007 [¶(b)(3)].**



**Anended by the Board March 24, 2016; effective April 13, 2016 [¶ (d)].**

**Rule 8.12. Delivery and Payment**

(a) Delivery of Coffee "C" may be made on any Business Day between the first (1<sup>st</sup>) and last days of the delivery month which shall not be a Saturday, Sunday or Exchange Holiday. All such deliveries shall be made by the transfer of EWRs through Clearing Members that have executed eCOPS Participant Agreements in the form specified by the Exchange.

(b) On the Date of Delivery at 9:00 a.m., all information contained on the Delivery Worksheet for each Deliverer and Receiver shall be deemed complete, correct and final and may not be changed in any respect by a Deliverer or Receiver. At 9:00 a.m., on the basis of the information contained in such final Delivery Worksheet, the Exchange, through eCOPS, shall issue a Notice of Transfer causing the Clearing Organization to be identified in eCOPS as the Title Holder of the EWRs corresponding to the Coffee identified in each such final Delivery Worksheet. The Clearing Organization shall thereafter debit the account designated by the Receiver for delivery purposes and credit the account designated by the Deliverer for such purposes for the full amount of the Exchange Invoice, and issue a Notice of Transfer causing the Receiver to be identified in eCOPS as the Title Holder of the corresponding EWRs.

(c) The Weight Note shall not be valid if the Coffee to be delivered has been moved at any time from the location specified in such Weight Note.

(d) The Exchange Invoice shall reflect any deficiency or excess from the par weight of a Coffee "C" Futures Contract at the price per pound shown in the Delivery Notice. Such deficiency or excess shall not be greater than two percent (2%) of the par weight.

(1) In the case of a deficiency equal to or less than two percent (2%) of the par weight, the Deliverer may deliver Coffee to the extent of such deficiency.

(2) In the case of a deficiency in excess of two percent (2%) of the par weight, delivery shall not be permitted except by mutual consent of the Deliverer and Receiver.

(3) Delivery of more than two percent (2%) above the par weight shall be permitted, but in any such instance the Receiver shall not be obligated to pay for the excess over two percent (2%).

(e) From time to time the Board may prescribe adjustments in the price stated in a Delivery Notice on the basis of (i) the time elapsed between the date of the Certificate of Grade or the first (1<sup>st</sup>) date on which the Coffee was weighed and the Date of Delivery; (ii) the weight of samples drawn after the date of the Weight Note; and (iii) other factors as the Board may determine from time to time.

(f) Deliverer shall pay the warehouse operator for storage up to and including the last calendar day of the delivery month. Receiver shall be responsible for payment of storage commencing on the calendar day after the Date of Delivery, and the Exchange Invoice shall be calculated so that the Receiver reimburses the Deliverer for storage for the period between the calendar day after the Date of Delivery through the last calendar day of the delivery month.

(g) If the final Delivery Worksheet does not contain one (1) or more Weight Notes with respect to a given Lot on the Date of Delivery:

(1) the Exchange Invoice shall be designated a pro forma Exchange Invoice and the Receiver's account shall be debited and the Deliverer's account credited by the Clearing Organization the amount specified in the pro forma Exchange Invoice;

(2) the Deliverer must have the Weight Note(s) issued to the Receiver no later than the fifth (5<sup>th</sup>) Business Day following the last permissible delivery day of the delivery month,

at which time the Receiver and Deliverer shall settle directly between them any amounts due and owing based upon the weight specified in such Weight Note(s); and

(3) the Deliverer issuing the request for weighing shall be liable for the repair of bags which, as a result of the weighing process, become, or are discovered to be, torn or bursting.

(h) In making delivery, the Deliverer warrants to the Receiver that the Coffee delivered under the contract is free of all liens and/or claims of all kinds.

**Amended by the Board April 11, 2007; effective April 16, 2007 [¶(g)(3)].**

**Amended by the Board September 9, 2020; effective October 19, 2020 [¶¶(f) and (h)].**

### **Rule 8.13. Substitution**

(a) In the event the coffee specified in a Delivery Notice is not deliverable for any reason under the Coffee "C" Futures Contract, the issuer of such Delivery Notice must substitute and deliver other Coffee "C", which need not be of the same growth or quality.

(1) The Coffee "C" to be substituted must be stored in the same port as the coffee originally specified in the Delivery Notice.

(2) A Certificate of Grade must have already been issued with respect to the Coffee "C" to be substituted which signifies that such coffee meets the minimum standards for delivery under the Coffee "C" Futures Contract.

(3) There must not have been any previous attempt at substitution with respect to the coffee originally specified in the Delivery Notice.

(4) Substitution may be made no later than 5:00 p.m. of the second (2<sup>nd</sup>) Business Day prior to the Date of Delivery.

(b) In the event of a substitution pursuant to subparagraph (a) hereof, settlement shall be made on the basis of the substituted coffee.

(c) Notwithstanding paragraphs (a) and (b) of this Rule, if a Deliverer is notified by a licensed Weigher that a Lot to be delivered is too light and, therefore, does not meet the weight requirements for delivery and at the time of such notification, the time for Substitution, as specified in subparagraph (a)(4) above, has passed and the Date of Delivery has not occurred, the Deliverer may add bags to the Lot as long as the added bags are from the same original Exchange identification.

**Amended by the Board April 11, 2007; effective April 16, 2007 [¶(c)].**

### **Rule 8.14. Storage and Packaging**

(a) In addition to other applicable terms and conditions set forth in the Rules, each Lot of coffee shall, in order to be deliverable under a Coffee "C" Futures Contract, satisfy the following requirements at the time of delivery:

(1) it shall be stored in a duly licensed warehouse in the Port of New York District, the Port of New Orleans, the Port of Miami, the Port of Antwerp, the Port of Hamburg/Bremen, the Port of Barcelona, the Port of Houston or the Port of Virginia or such other port as may be added from time to time upon the recommendation of the Coffee Committee and the two-thirds vote of the Board;

(2) it shall be stored in no more than one (1) borough, parish and/or county;

(3) it shall consist of not more than five (5) Chops, except when a Chop may be added to make up for a deficiency in weight, in which case not more than six (6) Chops;

(4) not less than one hundred (100) bags may be in any one (1) warehouse, and all bags must be stored in such a manner that permits the bags to be removed from such warehouse off the same loading dock;

(5) it shall be packaged in bags which have been marked, prior to exportation from the country of origin, with the growth, except that repackaged coffee may be delivered if (i) properly marked bags were soiled or damaged and such repackaging was effected by a licensed warehouse or weighmaster while the coffee was in a Licensed Store, and (ii) the new bags contain the markings which appeared on the original bags;

(6) it shall be packaged in bags or packages of a recognized commercial size for the growth (i.e., of standard weight in the country and/or district of origin) and each Lot delivered must consist of bags or packages of the same shipping weight;

(7) it shall be packaged in bags made of sisal, henequen, jute, burlap or woven material having similar properties and having a minimum weight of seven hundred (700) grams, without inner lining or outer covering of any other material; and

(8) with respect to each contract Lot, no more than fifteen (15) bags shall be slack; provided, that each such slack bag shall weigh a minimum of one-hundred (100) pounds, and provided, further, that with respect to any coffee which had previously been graded which was dumped and mixed in order to comply with this subparagraph, the licensed warehouse in which such coffee is sorted certifies in writing that the coffee to be delivered was uniform after such dumping and mixing.

(b) No bag or package of coffee may be delivered if, at the time of delivery:

(1) it contains any foreign substance;

(2) it contains damaged coffee without any indication of such damage upon the exterior of the package;

(3) it is composed of good coffee immediately next to the bag, and decidedly inferior coffee in the interior of the package, in such manner as not to be easily detected by the standard coffee sampler;

(4) it is marked as belonging to a specific growth, kind and grade, but contains coffee of a different growth or kind or a decidedly inferior grade;

(5) it varies unduly in weight from the number of pounds recognized as the standard weight of a bag or package of such growth;

(6) it has been dumped, mixed, or reconditioned on the dock; coffee which has been dumped, mixed, or reconditioned in the warehouse continues to be acceptable for delivery; or

(7) the warehouse has indicated in eCOPS that the bags in the lot need to be rebagged ("rebagging indicator").

(c) Liability for the repair of bags which are torn or bursting and in need of repair shall be borne as specified in this paragraph (c). In addition, any claim by a Member that coffee tendered for delivery under an Exchange contract is being delivered in a bag(s) which is torn or bursting and are in need of repair shall be settled in accordance with the provisions of this paragraph (c).

(1) If the warehouse has given written notice to the Deliverer, within seven (7) Business Days from (i) the date of issuance of the Delivery Notice or (ii) the date that the Deliverer substitutes Lots on the applicable Delivery Worksheet, that the bag(s) is torn or bursting and needs to be repaired, then the Deliverer of the coffee shall be liable for the repair of the torn bag(s);

(2) If the holder of a Delivery Notice visually inspects the coffee (i) during the seven (7) Business Days between the issuance of such Notice and the Date of Delivery or (ii) within seven (7) Business Days from the date that the Deliverer substitutes Lots on the applicable Delivery Worksheet, and furnishes written notice to the Deliverer and the Exchange during said seven (7) day period that the coffee is packaged in a bag(s) that is torn or bursting and in need of repair, then the procedures in subparagraph (3) below shall apply, provided however, that the failure to so notify the Exchange or the Deliverer within the specified time shall be deemed a waiver of the Receiver's rights to assert a claim that coffee tendered for delivery under an Exchange contract is packaged in a bag(s) that is torn or bursting and in need of repair. Any notice issued shall identify the location of the coffee involved, together with the basis for the Receiver's claim that the coffee is packaged in a bag(s) that is torn or bursting and in need of repair.

(3) Upon receipt of a notice as specified in subparagraph (2) above, the Exchange will cause the coffee identified in such notice to be surveyed by an Exchange licensed warehouse inspector selected randomly by the Exchange from the panel of licensed inspectors. The inspector will visually survey the coffee so identified and determine whether the bag(s) is torn or bursting and in need of repair. The determination of the inspector shall be furnished in writing to the Receiver and Deliverer by the Exchange. The determination of the inspector shall be final and binding, and there shall be no appeals therefrom. In addition, the Exchange shall invoice the party responsible, as determined below, for an administrative fee of three hundred seventy-five dollars (\$375) and the inspector's fee (such fees hereinafter referred to as "administrative fees"). The invoiced party shall pay the Exchange the administrative fees promptly upon receipt of the invoice.

(A) If the inspector determines that the bag(s) of coffee is not in need of repair, the Receiver shall be responsible for the administrative fees.

(B) If the inspector determines that the bag(s) of coffee is in need of repair, the Deliverer shall either have the bag(s) repaired within five (5) Business Days after receipt of written notification of the decision of the inspector or, if the time within which substitution is permitted under Rule 8.13(a)(4) has not elapsed, substitute other coffee. In such case, the Deliverer shall be responsible for the administrative fees. If the Deliverer substitutes other coffee, the Receiver shall have another seven (7) Business Days from the date the Deliverer notifies the Receiver of the location of such coffee to inspect such coffee and commence the procedures described in subparagraphs (2) and (3) above.

(4) The filing of a notice in accordance with subparagraph (2) of this Rule shall not affect the obligation of a Receiver to pay for coffee delivered against a Coffee "C" Futures Contract, provided that a Notice of Transfer has been issued by the Exchange through eCOPS with respect to such coffee.

**Amended by the Board July 9, 2014; effective July 29, 2014 [¶(a)(1) with the addition of the Port of Virginia].**

#### **Rule 8.15. Force Majeure**

(a) In the event the Board determines that the delivery or receipt of coffee to be delivered under a Coffee "C" Futures Contract is hindered by a strike, lockout, or other cause beyond the control of the Deliverer or Receiver ("force majeure"), such delivery or receipt shall take place by such date as the Board shall determine, which date shall be the Date of Delivery for all purposes under the Rules, and no Delivery Notices for delivery in the affected port shall be issued until such date as the Board shall determine.

(b) In the event that the sampling, grading, weighing or certification of coffee to be delivered under a Coffee “C” Futures Contract, or any other act necessary for the preparation of coffee for delivery, is prevented by a strike, lockout, or other cause beyond the control of the Deliverer, delivery of such coffee may nevertheless take place, with the prior approval of the Coffee Committee and upon such conditions as the Coffee Committee may establish; provided, however, that such coffee is in a Licensed Store at the time of such delivery and could have been delivered if such strike, lockout or other cause had not occurred.

(c) If, as a result of a delay specified in paragraph (a) of this Rule, Coffee is delivered without a Weight Note, the payment shall be made in accordance with Rule 8.12(g).

(d) Except to the extent this Rule is inconsistent with other Rules, nothing herein shall limit the rights of a Deliverer or Receiver to hold his counterparty in default for failure to comply with the terms and conditions of the Coffee “C” Futures Contract.

#### **Rule 8.16. Damages on Default**

Except as otherwise provided in the Rules, the Settlement Price of the spot Coffee “C” Futures Contract on the Date of Delivery shall be the basis for settlement in the event of a default in delivering or receiving Coffee “C”.

#### **Rule 8.17. Expedited Arbitration Procedure**

(a) Any dispute, except as to grade or cup, arising between Members claiming that a Member has failed to meet his obligations as Deliverer or Receiver under a Coffee “C” Futures Contract shall be settled by arbitration in accordance with the provisions of this Rule; provided, however, that if the Claimant does not notify the Exchange of such failure within fifteen (15) Business Days of the Last Notice Day of the delivery month for the Coffee “C” Futures Contract in which the failure occurred, said Member shall be deemed to have waived his rights under this Rule, without prejudice to any other rights or remedies at law or under any other provisions of the Rules. The filing of a notice hereunder shall not affect the obligations of a Receiver under the Rules to pay for Coffee delivered against a Coffee “C” Futures Contract in accordance with the requirements of Rule 8.12.

(b) Any dispute arising between the warehouse and either a Member delivering Coffee or a Member receiving Coffee concerning the liability for the repair of a torn bag(s) may be settled by arbitration in accordance with the provisions of this Rule; provided, however, that if the Claimant does not give written notice to the Exchange of the dispute within fifteen (15) Business Days of the Last Notice Day of the Coffee “C” Futures Contract in which the delivery of the Coffee in the torn bag(s) was to occur or has occurred, said warehouse or Member shall be deemed to have waived his rights under this Rule, without prejudice to any other rights or remedies at law or under any other provisions of the Rules. The filing of a notice hereunder shall not affect the obligations of a Receiver under the Rules to pay for Coffee delivered against a Coffee “C” Futures Contract in accordance with the requirements of Rule 8.12.

(c) Each notice filed pursuant to paragraphs (a) and (b) of this Rule shall be accompanied by a non-refundable check payable to the Exchange in the amount of three hundred seventy-five dollars (\$375) for each Lot that is the subject of the arbitration.

(d) Upon receipt by the Exchange of a notice hereunder, the Exchange shall forward one (1) copy of said notice to all interested parties.

(e) With respect to arbitrations brought pursuant to paragraph (a), a Special Arbitration Committee of three (3) disinterested members of the Coffee Committee shall be appointed by the Chairman within one (1) Business Day of the Exchange's receipt of a notice that a Member has failed to meet his obligations; provided, however, if members of the Coffee Committee have an interest in a dispute which precludes the appointment of a Special Arbitration Committee

comprised entirely of members of the Coffee Committee, the Chairman may appoint to the Committee, in his sole discretion, other persons who are associated with the coffee industry but in no event shall a Special Arbitration Committee fail to include at least one (1) member of the Coffee Committee. The Special Arbitration Committee shall establish the date, time, and place for a hearing. Each Special Arbitration Committee shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:

(1) each of the parties shall be entitled to appear personally at the hearing(s);

(2) each of the parties, at his own expense, shall have the right to be represented by counsel in any aspect of the proceedings;

(3) each of the parties, at his own expense, shall be entitled to (i) prepare and present all relevant facts in support of the Claims and grievances, defenses or counterclaims which arise out of the Transaction or occurrence that is the subject matter of the Claim or grievance and does not require for its arbitration the presence of third (3<sup>rd</sup>) parties of whom the Exchange cannot acquire jurisdiction and to present rebuttal evidence to such Claims or grievances, defenses or counterclaims made by the other parties, (ii) examine the other parties, (iii) examine any witnesses appearing at the hearing(s), and (iv) examine all relevant documents presented in connection with the Claim or grievance, or any defense or counterclaim applicable thereto;

(4) the formal rules of evidence shall not apply;

(5) no verbatim record shall be made of the proceedings unless requested by a party, in which event the requesting party shall bear the cost of such record and a stenographic transcript shall be taken, but not transcribed, unless a transcript is requested by a party, who shall bear the cost of such transcription;

(6) Ex parte contacts by any of the parties with any member of the Special Arbitration Committee shall not be permitted;

(7) The Special Arbitration Committee shall have the power, on the request of any party or on its own motion, to require any Person to testify and/or produce documentary evidence in the proceedings as and to the extent provided for in Rule 21.04;

(8) Any party to the dispute may apply to the Special Arbitration Committee for permission to join as a party any other Member (i) who is or may be liable to such party for all or part of the Claim being asserted against him or (ii) who claims an interest in the subject of the dispute. The Special Arbitration Committee shall have complete and absolute discretion to grant or to deny any such application, in whole or in part; and

(9) The rights and duties set forth in this Rule with respect to parties shall apply to any Member joined as a party pursuant to subparagraph (e)(8) hereof.

(f) The party adjudged in default shall pay to the aggrieved party as liquidated damages five percent (5%) of the Settlement Price of the spot Coffee "C" Futures Contract on the Date of Delivery or the Delivery Notice price, whichever shall be higher, but, in no case shall liquidated damages be less than one-half of one cent per pound.

(g) In the case where a Deliverer is determined to be in default by the Special Arbitration Committee for failure to meet his obligations as a Deliverer, the Deliverer shall be required to pay to the Receiver a price per pound equal to the Settlement Price of the spot Coffee "C" Futures Contract on the Date of Delivery less the sum of (i) the price stated in the Delivery Notice and (ii) any amount the Receiver has received from the Clearing Organization after the date of the Delivery Notice. If such Settlement Price is less than the price stated in the Delivery Notice, neither Deliverer nor Receiver shall be obliged to compensate the other party, except to the extent required by paragraph (f) of this Rule.

(h) In the case where a Receiver is determined to be in default by the Special Arbitration Committee for failing to meet his obligations as a Receiver, the Receiver named in the Delivery Notice shall be required to pay to the Deliverer a price per pound equal to the price stated on the Delivery Notice less the sum of (i) the Settlement Price of the spot Coffee “C” Futures Contract on the Date of Delivery, and (ii) any amount the Deliverer has received from the Clearing Organization after the date of the Delivery Notice. If such Settlement Price is more than the price stated in the Delivery Notice, neither Deliverer nor Receiver shall be obliged to compensate the other party except to the extent required by paragraph (f) of this Rule.

(i) The Special Arbitration Committee shall render its award in writing adjudging which, if any, party is in default, awarding the amount of money, if any, to be paid by the party in default, and granting any further remedy or relief which it deems just and equitable. The award of the Special Arbitration Committee shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings commenced pursuant to the Rules.

(j) The payment as prescribed above shall be made by the close of business on the second (2<sup>nd</sup>) Business Day after notification in writing of the Special Arbitration Committee's award without any setoff or deduction whatsoever. Payment and settlement of any default as determined above shall be effected through the President. Such payment shall be accepted as final payment, and the net amount of any variation Margins which have been paid to either party from the date of issuance of the Delivery Notice to the date of payment of the settlement of the default shall be collected from such party by the Clearing Organization and paid to the other party.

(k) With respect to arbitrations brought pursuant to paragraph (b), a Special Committee shall be appointed in accordance with Rule 7.25 within one (1) Business Day of the Exchange's receipt of the written notice of the dispute. The Special Committee shall establish the date, time, and place for a hearing. Each Special Committee shall determine the procedures to be followed in any hearing before it, except that the procedures listed in subparagraphs (e)(1) through (9) shall apply in every case.

(l) The Special Committee appointed pursuant to paragraph (k) of this Rule shall render its award in writing granting any remedy or relief which it deems just and equitable. The award of the Special Committee shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings commenced pursuant to the Rules.

**Amended by the Board April 15, 2009; effective April 24, 2009 [¶ (k)].**

**Amended by the Board April 22, 2019; effective May 31, 2019 [¶¶ (k) and (l)].**

**8.30-8.37. Reserved**

## COFFEE OPTIONS

### Rule 8.50. Option—Forms

(a) All Coffee Call Options shall be in the following form:

#### COFFEE CALL OPTION

New York, N.Y. \_\_\_\_\_ 20\_\_

\_\_\_\_\_ (the Grantor) hereby grants to \_\_\_\_\_ (the Purchaser) an Option to enter into one (1) Coffee "C" Futures Contract on the ICE Futures U.S.<sup>®</sup>, Inc. to purchase coffee for delivery in \_\_\_\_\_ (the delivery month of the Option's Underlying Futures Contract) at a price of \_\_\_\_\_ cents per pound (the Strike Price).

The Purchaser hereby agrees to pay a Premium of \$\_\_\_\_\_ for this Option.

This Option is, and any Exchange Futures Contract resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of the Exchange and the Clearing Organization, and of any successor to either of them, as adopted or amended from time to time.

(b) All Coffee Put Options shall be in the following form:

#### COFFEE PUT OPTION

New York, N.Y. \_\_\_\_\_ 20\_\_

\_\_\_\_\_ (the Grantor) hereby grants to \_\_\_\_\_ (the Purchaser) an Option to enter into one (1) Coffee "C" Futures Contract on the ICE Futures U.S.<sup>®</sup>, Inc. to sell coffee for delivery in \_\_\_\_\_ (the delivery month of the Option's Underlying Futures Contract) at a price of \_\_\_\_\_ cents per pound (the Strike Price).

The Purchaser hereby agrees to pay a Premium of \$\_\_\_\_\_ for this Option.

This Option is, and any Exchange Futures Contract resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of the Exchange and of the Clearing Organization, and of any successor to either of them, as adopted or amended from time to time.

(c) Coffee Options shall not be transferred, assigned or otherwise disposed of other than on the Exchange, subject to the Rules and to the Rules of the Clearing Organization.

### Rule 8.51. Trading Months

#### (1) Monthly Options

(a) Except as the Board may from time to time prescribe otherwise, Coffee Options shall be traded with respect to Option Months determined in accordance with the following:

(i) Trading shall be conducted in an Option traded on the March futures which shall expire the preceding February, an Option traded on the May futures which shall expire the preceding April, an Option traded on the July futures which shall expire the preceding June, an Option traded on the September futures which shall expire the preceding August, and an Option traded on the December futures which shall expire the preceding November, hereinafter referred to as the "Regular Option Months"; and

(ii) Trading shall also be conducted in an Option traded on the March futures which shall expire in December, an Option traded on the March futures which shall expire in January, an Option traded on the May Futures which shall expire in March, an Option traded on the July futures which shall expire in May, an Option traded on the September futures which shall expire in July, an Option traded on the December futures which shall expire in September, and an Option traded on the December futures which shall expire in October, hereinafter referred to as the "Serial Option Months".



(b) If trading has commenced in the Underlying Futures Contract, a new Option shall be listed for trading as follows:

(i) a new Regular Option Month shall be listed for trading on the first (1<sup>st</sup>) trading day following the first (1<sup>st</sup>) trading day for the Underlying Futures Contract month; and

(ii) a new Serial Option Month shall be listed for trading on the first (1<sup>st</sup>) trading day of the third (3<sup>rd</sup>) calendar month preceding the Serial Option Month.

## **(2) Weekly Options**

(a) Except as the Board may from time to time prescribe otherwise, up to three Weekly Coffee Options contracts shall be listed for trading at any time: a Weekly Option expiring in the first week of the calendar month, a Weekly Option expiring in the second week of the calendar month, a Weekly Option expiring in the third week of the calendar month, a Weekly option expiring in the fourth week of the calendar month, and a Weekly Option expiring in the fifth week of the calendar month. The Underlying Future Contract for each Weekly Coffee Option Contract shall be the same as the Underlying Future Contract of the first Regular or Serial Option Month that has not yet reached its Last Trading Day as of the Last Trading Day of the Weekly Option.

(b) A new Weekly Option contract shall be listed for trading on the first trading day following the Last Trading Day of an expiring Weekly Option contract.

**Amended by the Board December 15, 2011; effective February 6, 2012 [¶¶ (1) and (2)(a) and (b)].**

## **Rule 8.52. Last Trading Day**

The Last Trading Day shall be, for any Regular or Serial Option Month, the second (2<sup>nd</sup>) Friday of the calendar month preceding such Regular or Serial Option Month; provided, however, that:

(a) for each expiration, there will be a minimum of four (4) trading days between the Last Trading Day of the expiring Option and the first (1<sup>st</sup>) notice day of the expiring future; and

(b) in the event that

(i) the Exchange is closed on any such Friday then:

(1) if the determination that the Exchange would be closed was made more than one (1) week prior thereto, the term "Last Trading Day" shall mean the trading day preceding such Friday; and

(2) if such determination was made at any other time, the term "Last Trading Day" shall mean the first (1<sup>st</sup>) trading day after such Friday; and/or

(ii) there is less than four (4) trading days between any such Friday and the first (1<sup>st</sup>) notice day of the expiring future, the term "Last Trading Day" shall mean the fifth (5<sup>th</sup>) Business Day preceding the first (1<sup>st</sup>) notice day of the expiring future.

(c) The Last Trading Day for any Weekly Option contract shall be the Friday of the week in which the Weekly Option is scheduled to expire. If such Friday is not an Exchange Business Day, then the Last Trading Day shall be the first preceding Business Day. In the event that the Last Trading Day for a Weekly Option is also the Last Trading Day for a Regular or Serial Option Month, then that Weekly Option contract shall not be listed for trading.

**Amended by the Board December 15, 2011; effective February 6, 2012 [¶ (c)].**

### **Rule 8.53. Strike Prices**

(a) Trading shall only be conducted in Regular or Serial or Weekly Coffee Options having Strike Prices determined in accordance with this Rule.

(b) The Strike Prices of Options shall be at levels (the "prescribed levels") set at intervals (the "prescribed intervals") of \$.025.

(c) Except as the Board or the President may from time to time prescribe otherwise, Coffee Options shall be listed for trading with particular Strike Prices for each Option Month as follows:

(i) At the time Coffee Options for any Regular Option Month are first (1<sup>st</sup>) listed for trading pursuant to Rule 8.51, they shall be listed with thirteen (13) Strike Prices each for Puts and Calls at the prescribed \$.025 level.

(ii) Any listing of Strike Prices prescribed by the Board or the President or the President's designee under this Rule shall be made effective upon adoption or as otherwise determined by the Board or the President.

(d) An Option shall be delisted if for ten (10) consecutive trading days no Transaction is executed and there is no open position in such Option; provided, however, that no Option shall be so delisted if it has a Strike Price which is at the first (1<sup>st</sup>) \$.05 or \$.10 prescribed level above the Settlement Price of the Underlying Futures Contract on the previous trading day, or is at either of the six (6) prescribed \$.05 or \$.10 levels above or below such level, or any of the intervening \$.025 Strike Prices set forth in paragraph (b); and provided further that no Option shall be so delisted if there is an Option in another class with the same Strike Price that does not otherwise qualify for delisting; and provided further that, in the case of Serial Options and the next Regular Option Month with an expiration subsequent to the expiration of the Serial Option(s), no Option shall be so delisted unless it can be delisted for any Serial Option Month and such next Regular Option.

**Amended by the Board on March 26, 2008; effective March 28, 2008 [¶¶ (b), (c)(i) and (ii)].**

**Amended by the Board December 15, 2011; effective February 6, 2012 [¶ (a)].**

### **Rule 8.54. Premium Quotations**

Premiums shall be quoted in cents per pound. The minimum fluctuation in Premiums shall be \$.0001 per pound, except that Trades may occur at a price of \$1.00 per Option Contract if such Trades result in the liquidation of Positions for both parties to the Trade.

### **Rule 8.55. Obligations of Option Purchasers**

(a) The Purchaser which purchases a Coffee Option on the Floor of the Exchange shall cause such Option to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Rules of the Clearing Organization.

(b) The Purchaser which clears a Coffee Option shall pay in full the Premium to the Clearing Organization in accordance with the Rules of the Clearing Organization.

(c) The Purchaser of a Coffee Option shall, upon exercising such Option in accordance with the Rules, enter into an Underlying Futures Contract to buy (in the case of a Call) or to sell (in the case of a Put) coffee for delivery in the Regular or Serial Option Month's Underlying Futures Contract, at the Strike Price specified in such Option; provided, however, that any such contract entered into upon exercise shall be entered into for the account of the Person having purchased the Coffee Option.

#### **Rule 8.56. Obligations of Option Grantors**

(a) The Grantor which grants a Coffee Option on the Floor of the Exchange shall cause such Option to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Rules of the Clearing Organization.

(b) The Grantor which clears a Coffee Option shall make such Margin deposits as the Clearing Organization may require.

(c) The Grantor of a Coffee Option shall, upon being assigned an Exercise Notice in accordance with the Rules of the Clearing Organization, enter into an Underlying Futures Contract to sell (in the case of a Call) or to buy (in the case of a Put) coffee for delivery in the Regular or Serial Option Month's Underlying Futures Contract, at the Strike Price specified in such Option; provided, however, that any such contract entered into upon assignment of an Exercise Notice shall be entered into for the account of the person having granted the Coffee Option.

#### **Rule 8.57. Effect of Clearance**

Upon acceptance of a Coffee Option by the Clearing Organization, the Clearing Organization shall be substituted as, and assume the position of, the Purchaser to the Clearing Member which is the Grantor and the position of the Grantor to the Clearing Member which is the Purchaser; and thereupon the Clearing Organization shall have all the rights and obligations with respect to such Option as the parties for which it is substituted.

#### **Rule 8.58. Expiration and Exercise of Options**

(a) The Purchaser must receive from its Customer which intends to exercise a Coffee Option on the Last Trading Day, notification of such intention not later than 4:00 PM on such day. In order for a Purchaser to exercise a Coffee Option for its own account on the Last Trading Day it must have done so or have made a determination to do so not later than 4:00 PM on such day. The Purchaser must make and maintain a record of all notices received and all determinations made pursuant to this Rule, and such record must show by time stamp or otherwise the date and time of receipt or making.

(b) The Purchaser of a Coffee Option may exercise such Option on any Business Day by giving an Exercise Notice, in the form prescribed by the Clearing Organization, to the Clearing Organization not later than 5:00 p.m. Such Notice shall be effective upon the opening of Coffee "C" futures trading on the Business Day following the day of receipt by the Clearing Organization. An Exercise Notice with respect to a Coffee Option purchased on the day such Notice is given shall not be effective unless such Option has been accepted by the Clearing Organization. An Exercise Notice which is given with respect to an Option which is not accepted by the Clearing Organization shall be deemed withdrawn by the Purchaser.

(c) If an Exercise Notice is given, the Purchaser shall deposit Original Margin for the Underlying Futures Contract with the Clearing Organization at such time as may be required by the Clearing Organization.

(d) Upon exercise of each Coffee Option, notification thereof shall be given to the Option Grantor.

#### **Rule 8.59. Automatic Exercise Levels for Coffee Options**

After the close on the Last Trading Day in the Coffee Options Contract, the Clearing Organization will automatically exercise any open long Option that has a Strike Price below (in the case of a Call Option) or above (in the case of a Put Option) the Settlement Price of the Underlying Futures Contract on that day by an amount which equals or exceeds the minimum price increment permitted under the Rules for the Underlying Futures Contract, unless, before

5:00 p.m. on the Last Trading Day, the Clearing Member carrying such Option gives the Clearing Organization written instructions that any such Option is to expire unexercised.

## CALENDAR SPREAD OPTIONS ON COFFEE “C” FUTURES

### Rule 8.60. Scope of Chapter

(a) A Transaction involving Options to enter into Coffee “C” Calendar Spread Futures Contracts on the Exchange shall be referred to as either a “Coffee Spread Option” or “KCSO”.

(b) A Coffee Put Spread Option represents an Option to assume a short Position in the first (1<sup>st</sup>) expiring Coffee “C” Futures Contract in the spread and a long Position in the second (2<sup>nd</sup>) expiring Coffee “C” Futures Contract in the spread traded on the Exchange. A Coffee Call Spread Option represents an Option to assume a long Position in the first (1<sup>st</sup>) expiring Coffee “C” Futures Contract in the spread and a short Position in the second (2<sup>nd</sup>) expiring Coffee “C” Futures Contract in the spread traded on the Exchange.

(c) For the purposes of this Chapter, unless otherwise noted herein, the following terms shall have the following meanings:

(i) the term “Spread Price” shall mean the mathematical result of subtracting the price of the second (2<sup>nd</sup>) delivery month of the Underlying Futures Contract in the KCSO from the price of the first (1<sup>st</sup>) delivery month of the Underlying Futures Contract in the KCSO; and

(ii) the term “Settlement Spread Price” shall mean the mathematical result of subtracting the Settlement Price of the second (2<sup>nd</sup>) delivery month of the Underlying Futures Contract in the KCSO from the Settlement Price of the first (1<sup>st</sup>) delivery month of the Underlying Futures Contract in the KCSO.

### Rule 8.61. Option – Forms

(a) All Coffee Call Spread Options shall be in the following form:

#### COFFEE CALL SPREAD OPTION

New York, N.Y. \_\_\_\_\_20\_\_

\_\_\_\_\_ (the Grantor) hereby grants to \_\_\_\_\_ (the Purchaser) a spread Option to enter into one Coffee “C” futures spread on ICE Futures U.S. to purchase coffee for delivery in \_\_\_\_\_ (the first (1<sup>st</sup>) delivery month in the Option’s Underlying Futures Contract of the spread) and to sell coffee for delivery in \_\_\_\_\_ (the second (2<sup>nd</sup>) delivery month in the Option’s Underlying Futures Contract of the spread) at a Spread Price of \_\_\_\_\_ cents per pound (the Strike Price of the KCSO).

The Purchaser hereby agrees to pay a Premium of \$\_\_\_\_\_ for this KCSO.

This KCSO is, and any Exchange Futures Contracts resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of ICE Futures U.S., of the Clearing Organization, and of any successor to either of them, as adopted or amended from time to time.

(b) All Coffee Put Spread Options shall be in the following form:

## COFFEE PUT SPREAD OPTION

New York, N.Y. \_\_\_\_\_ 20\_\_

\_\_\_\_\_ (the Grantor) hereby grants to \_\_\_\_\_ (the Purchaser) a spread Option to enter into one Coffee "C" futures spread on ICE Futures U.S. to sell coffee for delivery in \_\_\_\_\_ (the first (1<sup>st</sup>) delivery month of the Option's Underlying Futures Contract of the spread) and to buy for delivery in \_\_\_\_\_ (the second (2<sup>nd</sup>) delivery month of the Option's Underlying Futures Contract of the spread) at a Spread Price of \_\_\_\_\_ cents per pound (the Strike Price of the KCSO).

The Purchaser hereby agrees to pay a Premium of \$\_\_\_\_\_ for this KCSO.

This KCSO is, and any Exchange Futures Contracts resulting from its exercise shall be, made in view of, and in all respects subject to, the Rules of ICE Futures U.S., of the Clearing Organization, and of any successor to them, as adopted or amended from time to time.

(c) Coffee Spread Options shall not be transferred, assigned or otherwise disposed of other than on the Exchange, subject to the Rules of the Exchange and the Clearing Organization.

### Rule 8.62. Trading Months

(a) Except as the Board may otherwise prescribe, expiration months of the Underlying Futures Contract which are eligible for listing with respect to Coffee Spread Options shall be: March, May, July, September and December.

(b) Except as the Board may otherwise prescribe, Coffee Spread Options shall be listed for trading as follows:

(i) **1 month series:** Each of the first four expiration months paired with its next successive expiration month;

(ii) **2 month series:** Each of the first three expiration months paired with its second successive expiration month;

(iii) **3 month series:** Each of the first two expiration months paired with its third successive expiration month;

(iv) **4 month series:** The first expiration month paired with its fourth successive expiration month; and

(v) **5 month series:** Each of the first five expiration months paired with its fifth successive expiration month.

(c) If trading has commenced in the Underlying Futures Contract, a new KCSO shall be listed as follows:

(i) with respect to the one month, two month, three month and four month series, a new KCSO shall be listed for trading on the first trading day following the expiration of a KCSO contained in the series; and

(ii) with respect to the five month series, a new KCSO shall be listed for trading on the first trading day following the first trading day for the far month related futures contract.

### **Rule 8.63. Last Trading Day**

The Last Trading Day for any KCSO series pair shall be the day as provided for in Coffee “C” Rule 8.52, as that day would apply to the Regular Option contract whose underlying futures contract is the first expiring delivery month in the pair.

### **Rule 8.64. Strike Prices**

(a) Trading shall only be conducted in a KCSO having a Strike Price determined in accordance with this Rule.

(b) The Strike Prices of a KCSO that is listed for trading shall be at levels which are at intervals of one-quarter cent per pound (\$.0025).

(c) Except as the Board or President may otherwise prescribe, a KCSO shall be listed for trading with particular prices for each KCSO as follows:

(i) At the time any KCSO is first listed for trading pursuant to Rule 8.62, they shall be listed with seven (7) one-quarter cent Strike Prices, as required in paragraph (b), each for Puts and Calls. The first (1<sup>st</sup>) one-quarter cent Strike Price shall be set at the prescribed level which is equal to the Settlement Spread Price for the underlying futures spread on the previous trading day, or if such Settlement Spread Price is not equal to any such prescribed level, then at the next prescribed level above such Settlement Spread Price. The other six (6) one-quarter cent Strike Prices shall be at each of the three (3) prescribed levels above and the three (3) prescribed levels below the first (1<sup>st</sup>) Strike Price.

(ii) Whenever the Strike Prices of a listed KCSO do not include the first (1<sup>st</sup>) prescribed one-quarter cent level above the Settlement Spread Price for the underlying futures spread on the previous trading day, or either of the three (3) one-quarter cent prescribed levels above or below such a level, they shall be listed for trading the following day.

(iii) Any listing of Striking Prices prescribed by the Board or President under this Rule shall be made effective upon adoption or as otherwise determined by the Board or the President.

(d) A KCSO shall be delisted if for ten (10) consecutive trading days no Transaction is executed, and there is no open position, in such KCSO; *provided however*, that no KCSO shall be so delisted if it has a Strike Price which is at the first (1<sup>st</sup>) one-quarter cent level above the Settlement Spread Price of the underlying futures spread on the previous trading day, or is at either of the three (3) prescribed one-quarter cent levels above or below such level as set forth in subparagraphs (c)(i) and (c)(ii); and provided further that no KCSO shall be delisted if there is a KCSO in another class with the same Strike Price that does not otherwise qualify for delisting.

### **Rule 8.65. Premium Quotations**

Premiums shall be quoted in cents and hundredths of a cent per pound. The minimum fluctuation in Premiums shall be \$.0001 per pound, except that Trades may occur at a price of \$1.00 per KCSO contract if such Trades result in the liquidation of Positions for both parties to the Trade.

### **Rule 8.66. Obligations of KCSO Purchasers**

(a) The Purchaser which purchases a KCSO on the Floor of the Exchange shall cause such KCSO to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Purchaser which clears a KCSO shall pay in full the Premium to the Clearing Organization in accordance with the Clearing Organization Rules.

(c) The Purchaser of a KCSO shall, upon exercising such KCSO in accordance with the Rules, enter into Underlying Futures Contracts to buy the first (1<sup>st</sup>) delivery month in the KCSO and sell the second (2<sup>nd</sup>) delivery month in the KCSO (in the case of a Call) or to enter into Underlying Futures Contracts to sell the first (1<sup>st</sup>) delivery month in the KCSO and buy the second (2<sup>nd</sup>) delivery month of the KCSO (in the case of a Put), at a Spread Price equal to the Strike Price specified in such KCSO; *provided, however*, that any such contracts entered into upon exercise shall be entered into the account of the Person having purchased the KCSO.

(d) Futures contracts entered into by the Purchaser of a KCSO, as provided for in paragraph (c) herein, shall have prices assigned to those futures contracts in the following manner:

(i) The first (1<sup>st</sup>) delivery month futures contract shall be assigned the price equal to the Settlement Price for that month on the day of exercise; and

(ii) The second (2<sup>nd</sup>) delivery month futures contract shall be assigned the price that is the mathematical result of the first (1<sup>st</sup>) delivery month futures contract Settlement Price, as provided for in subparagraph (d)(i) herein, minus the Spread Price specified in such KCSO.

#### **Rule 8.67. Obligations of KCSO Grantors**

(a) The Grantor which grants a KCSO on the Floor of the Exchange shall cause such KCSO to be submitted by a Clearing Member to the Clearing Organization for clearance in accordance with the Clearing Organization Rules.

(b) The Grantor of a KCSO shall make such Margin deposits as the Clearing Organization may require.

(c) The Grantor of a KCSO shall, upon being assigned an Exercise Notice in accordance with the Clearing Organization Rules, enter into Underlying Futures Contracts to sell the first (1<sup>st</sup>) delivery month of the KCSO and buy the second (2<sup>nd</sup>) delivery month of a KCSO (in the case of a Call) or to enter into Underlying Futures Contracts to buy the first (1<sup>st</sup>) delivery month of the KCSO and sell the second (2<sup>nd</sup>) delivery month in the KCSO (in the case of a Put), at a Spread Price equal to the Strike Price specified in such KCSO; *provided, however*, that any such contracts entered into upon assignment of an Exercise Notice shall be entered into for the account of the Person having granted the KCSO.

(d) Futures contracts entered into by the Grantor of a KCSO, as provided for in paragraph (c) herein, shall have prices assigned to those futures contracts in the following manner:

(i) The first (1<sup>st</sup>) delivery month futures contract shall be assigned the price equal to the Settlement Price for that month on the day of exercise; and

(ii) The second (2<sup>nd</sup>) delivery month futures contract shall be assigned the price that is the mathematical result of the first (1<sup>st</sup>) delivery month futures contract Settlement Price, as provided for in subparagraph (d)(i) herein, minus the Spread Price specified in such KCSO.

**Rule 8.68. Effect of Clearance**

Upon acceptance of a KCSO by the Clearing Organization, the Clearing Organization shall be substituted as, and assume the position of the Purchaser to the Clearing Member which is the Grantor and the position of the Grantor to the Clearing Member which is the Purchaser; and thereupon the Clearing Organization shall have all the rights and obligations with respect to such KCSO as the parties for which it is substituted.

**Rule 8.69. Expiration and Exercise of KCSOs**

(a) The Purchaser must receive from its Customer which intends to exercise a KCSO on the Last Trading Day, notification of such intention not later than 3:00 p.m. on such day. In order for a Purchaser to exercise a KCSO for its own account on the Last Trading Day it must have done so or have made a determination to do so not later than 3:00 p.m. on such day. The Purchaser must make and maintain a record of all notices received and all determinations made pursuant to this Rule, and such record must show by time stamp or otherwise the date and time of receipt or making.

(b) The Purchaser of a KCSO may exercise such KCSO on any Business Day by giving an Exercise Notice, in the form prescribed by the Clearing Organization, to the Clearing Organization no later than 5:00 p.m. Such notice shall be effective upon the opening of Coffee "C" futures trading on the Business Day following the day of receipt by the Clearing Organization. An Exercise Notice with respect to a KCSO purchased on the day such notice is given shall not be effective unless such KCSO has been accepted by the Clearing Organization. An Exercise Notice which is given with respect to a KCSO which is not accepted by the Clearing Organization shall be deemed withdrawn by the Purchaser.

(c) If an Exercise Notice is given, the Purchaser shall deposit Original Margin for the Underlying Futures Contract with the Clearing Organization at such time as may be required by the Clearing Organization.

(d) Upon exercise of each KCSO, notification thereof shall be given to the KCSO Grantor.

**Rule 8.70. Automatic Exercise Levels**

After the close on the Last Trading Day in the Coffee Spread Options Contract, the Clearing Organization will automatically exercise any open long KCSO that has a Striking Price below (in the case of a Call) or above (in the case of a Put) the Settlement Spread Price of the Underlying Futures Contracts on that day by an amount which equals or exceeds the minimum price increment permitted under the Rules for the Underlying Futures Contract, unless, before 5:00 p.m. the Last Trading Day, the Clearing Member carrying such KCSO gives the Clearing Organization written instructions that any such KCSO is to expire unexercised.



## COFFEE APPENDIXES

### APPENDIX I

#### Procedures for Sampling Coffee

The following procedures must be followed by Members and Licensees in connection with the sampling of Coffee "C":

##### **(a) Samples.**

(1) In order to be deliverable under a Coffee "C" Futures Contract, each Chop must be sampled in accordance with these procedures by a Master Sampler licensed by the Exchange. As used herein, the term "Sampler" means an individual employee or agent of a Master Sampler, or Comparison Sampler who samples coffee and the term "Master Sampler" means the Firm on whose behalf the Sampler is sampling the coffee.

(2) The failure of a Master Sampler to comply with these sampling procedures will subject such Master Sampler to fines and penalties as provided in the Licensing Rules of the Exchange.

(3) The President is authorized to suspend or cancel a Certificate of Grade if the Exchange has reason to believe that the coffee covered thereby does not run uniform as to grade or that such Certificate of Grade was obtained on the basis of samples which were not drawn, submitted or graded in accordance with the Rules.

##### **(b) Authorization of Samplers.**

By submitting a Sampling Order, in such forms as the Exchange prescribes, the submitter authorizes the Exchange to select a Master Sampler to draw on such Person's behalf a fair and representative sample of each Chop of the coffee referred to in such application in accordance with the terms and conditions of these sampling procedures.

##### **(c) Selection of Master Samplers.**

The Exchange shall select Master Samplers on a rotation basis from a list of duly licensed Master Samplers, provided, however, that a Master Sampler that has been granted a license as a warehouse operator will be excluded from the selection process with respect to the drawing of samples from any of its licensed stores. A Master Sampler shall be responsible for drawing a fair and representative sample and submitting such sample to the Exchange.

##### **(d) Sampling Order.**

Every Sampling Order created on eCOPS shall be deemed a request to sample the coffee covered by such Sampling Order. Incomplete Sampling Orders will not be processed by eCOPS. eCOPS will notify the Master Samplers selected in accordance with paragraph (c) above at the time the Sampling Order is created.

##### **(e) Review of Marks.**

(1) Before drawing a sample, a Sampler shall compare the identifying marks which appear on the physical bags of coffee with the identifying marks which appear on the Sampling Order.

(2) The Sampler shall not draw a sample:

(i) if (A) the identifying marks which appear on the physical bags of coffee differ from those which appear on the Sampling Order, and (B) the Sampler has reason to suspect that

the coffee he is about to sample is not from the same Chop as the coffee covered by the Sampling Order;

(ii) if (A) the identifying marks are inaccessible or illegible and (B) the information on the warehouse tags differs from the identifying marks on the Sampling Order, and (C) the Sampler has reason to suspect that the coffee he is about to sample is not from the same Chop as the coffee covered by the sampling order; or

(iii) if (A) the identifying marks contained on the physical bags of coffee are inaccessible or illegible, and (B) there are no warehouse tags affixed to the Chop to be sampled.

**(f) Procedure.**

(1) Each Master Sampler selected to sample coffee shall be responsible for printing three (3) copies of the appropriate Sampling Orders from eCOPS.

(2) In drawing a sample, a Sampler shall act in accordance with commercial practice, except as modified by these sampling procedures.

(3) If coffee to be sampled is not located in a Licensed Store, the Sampler shall make reasonable efforts to conform to these procedures.

(4) Each sample shall be drawn by means of a standard coffee tier and shall consist of coffee from (i) at least ten percent (10%) of the total number of bags listed in the Sampling Order, and (ii) at least two (2) sides of every pile, at least one (1) of which must be on the long side of the tier or aisle. Once the sample has been drawn, the Master Sampler shall scrape the bag surface area of the tier hole to re-close the bag weaving to minimize spillage.

(5) All samples must be placed directly in sampling bags. When an appropriate sized sample has been drawn, the Sampler shall immediately tie, seal, and tag the bag.

(6) All samples must be delivered to the Exchange within two (2) Business Days following receipt of the Sampling Order (or three (3) Business Days in the case of coffee stored in Antwerp, Hamburg/Bremen, Barcelona, Houston, the Port of Virginia, New Orleans or Miami), or within such longer period as allowed by the Exchange for good cause shown.

(7) Samples shall be no more than and no less than five (5) pounds.

(8) Reserved.

(9) If, in the course of drawing a sample, a Sampler has reason to believe that the coffee sampled does not run uniform as to grade, he shall draw a separate one (1) pound sample of each of the grades found and deliver any such samples to the Exchange.

(10) Once a sample has been drawn, and the sample bag has been tagged and sealed, such sample bag shall not be delivered to any Person other than an employee designated by the Exchange to receive such samples at the premises of the Exchange. In the event that the Person delivering samples to the Exchange is not licensed by the Exchange, such Person shall be deemed to be an agent of the Master Sampler; provided, however, that in the case of coffee stored in the Port of Antwerp, or Port of Hamburg/Bremen, Port of Houston or Port of New Orleans or Miami or the Port of Virginia all samples must be delivered by an employee of the Master Sampler directly to a courier service selected by the Exchange.

(11) Upon the delivery of a sample to the Exchange, the Person delivering such sample shall be required to furnish written proof of delivery or to sign a log maintained by the Exchange, indicating his name and the name of the Master Sampler on whose behalf he is acting.

(12) Any Person who has submitted a Sampling Order may examine any sample drawn in connection with such Sampling Order during Exchange business hours; provided, however, that he has not examined the same sample before and that such examination does not take place at a time when the sample is being or is about to be graded. If upon any such examination such Person approves of the sample, he shall indicate his approval upon the Sampling Order. If such Person does not approve the sample, he may withdraw the sample. The failure to examine a sample drawn in connection with a Sampling Order submitted by such Person prior to grading shall constitute a waiver of such Person's right to object to such sample on the ground that it is not representative of the Lot from which it was drawn.

**(g) Reporting.**

Immediately following the drawing of a sample from a Chop, the Sampler shall note the following information upon the three (3) copies of the Sampling Order printed from eCOPS to the extent applicable:

(1) Any differences between the identifying marks which appear on the physical bags of coffee and those on the Sampling Order, together with an explanation of the nature of each such difference;

(2) The inaccessibility or illegibility of the identifying marks on the physical bags of coffee;

(3) The absence of a warehouse tag affixed to any side of the tier or aisle of the Chop to be sampled where the marks on the physical bags of coffee are inaccessible or illegible;

(4) The fact that the coffee sampled is not stored so that two (2) sides (including at least one (1) long side) of the tier or aisle are accessible to the sampler as required by the Exchange's warehouse procedures.

In any such instance, the Sampler should describe the condition of the coffee as accurately as possible on the Sampling Order.

**(h) Signing of Sampling Orders; Issuance of eCOPS Sampling Confirmations; Delivery of Samples**

(1) The Sampler and an authorized representative of the warehouse or pier, where the sampled coffee is located, shall each sign all three (3) copies of the Sampling Order, and the warehouse representative shall indicate on each such copy the date and time of his receipt of such Sampling Order from the Sampler.

(2) The Sampler shall certify that the coffee sampled is uniform or state any reason to believe that the coffee sampled may not be uniform.

(3) The signature of a Sampler shall be deemed to be a certification by the Sampler that each sample drawn pursuant to the Sampling Order was drawn in accordance with these procedures.

(4) The signature of a warehouse representative shall be deemed to be a certification that on the date he signed the Sampling Order, the Sampler appeared at the Licensed Store indicated on the Sampling Order and left the premises with samples in his possession.

(5) The Master Sampler shall insert into the bag, one (1) copy of the signed and completed Sampling Order, mark the Exchange sequence number on the outside of the sample bag and deliver the sample(s) to the Exchange.

(6) Both the Master Sampler and the warehouse shall retain a copy of each Sampling Order in their respective files for a period of at least two (2) years.

(7) After completing all of the procedures identified in paragraphs (a)-(h) of this Appendix I, the Master Sampler shall issue a Sampling Confirmation to the Exchange and the Member requesting the sample, through eCOPS.

**(i) Acceptance of Samples by the Exchange.**

(1) The Exchange reserves the right, in its sole and absolute discretion, to refuse to accept or process any sample which it has reason to suspect: (i) was improperly drawn; (ii) is not fair and representative of the Chop to which it relates; or (iii) contains evidence of active insect infestation. The Exchange's acceptance or processing of a sample is not intended as and shall not be considered an acknowledgement, agreement, or representation by the Exchange that such sample has been properly drawn or is fair and representative.

(2) Unless the Member owning such sample has notified the Exchange otherwise the Exchange shall retain for a period of five (5) calendar days following the date of the Certificate of Grade any sample found to be deliverable in accordance with the procedures for grading.

**(j) Impartiality.**

Samplers must be impartial and unbiased. Neither a Master Sampler nor a Sampler may sample coffee if such Person or an immediate family member: (i) directly or indirectly has an ownership interest or is a partner or employee of a Firm which has an ownership interest in the coffee submitted for Exchange sampling; (ii) directly or indirectly, is a Deliverer or Receiver of coffee tendered under Exchange Futures Contracts or is a partner or employee of a Firm which is a Deliverer or Receiver of Coffee tendered under Exchange Futures Contracts; (iii) directly or indirectly has an ownership interest in, or is an employee of, the warehouse operator where the coffee submitted for Exchange sampling is stored; or (iv) has any other business or personal relationship that poses a conflict of interest with respect to the sampling of coffee under Exchange Futures Contracts.

**(k) Confidentiality.**

(1) Each Master Sampler shall maintain in strict confidence all information pertaining to a Sampling Order and to the circumstances and nature of its activities in drawing a sample, and shall not communicate such information to any Person other than a representative of the Exchange acting in his official capacity.

(2) All Sampling Orders issued for the delivery of coffee under the Coffee "C" Futures Contract are the property of the Exchange and shall not be used by the Master Sampler except in accordance with these sampling procedures. In the event that such Sampling Orders are lost, stolen, or requested by any Person or Firm, the Master Sampler shall notify the Exchange of such event immediately.

**(l) Fees.**

(1) A Member who submits a Sampling Order shall pay the Master Samplers a fee in connection with services rendered in accordance with these sampling procedures, whether or not a sample was actually drawn.

(2) In the case of coffee stored in Antwerp, Hamburg/Bremen, Houston, New Orleans, the Port of Virginia or Miami, the Deliverer shall pay the cost of delivering a sample by courier to the Exchange premises.

**(m) No Exchange Liability.**

These sampling procedures have been designed to promote the integrity and impartiality of the sampling process, and do not constitute an assumption by the Exchange in any respect of any responsibility or liability for sampling. All sampling of coffee continues to be the responsibility of the Person on whose behalf the coffee is sampled, and the Exchange shall have no liability for any acts or omissions in connection with such sampling. The Exchange shall not be liable in any way by reason of the fact that any sample was not drawn in accordance with these procedures, or was otherwise improperly drawn, or was not fair and representative of the Chop to which it is purported to relate.

**Amended by the Board May 22, 2007; effective May 23, 2007 [¶ (c)].**

**Amended by the Board August 31, 2011; effective September 22, 2011 [¶ (c)].**

**Amended by the Board December 15, 2011; effective January 9, 2012 [¶ (j)].**

**Amended by the Board July 9, 2014; effective July 29, 2014 [¶ ¶ (f)(6), (f)(10) and (l)(2) with the addition of the Port of Virginia].**

**Amended by the Board March 22, 2018; effective April 23, 2018 [¶ ¶ (i)(1)].**

**APPENDIX II**

**Procedures for Grading Coffee and Issuance of Certificates of Grade**

The following procedures must be followed by Members and Licensees in connection with the grading of Coffee "C":

**(a) eCOPS Sampling Order.**

(1) A Person who wishes to have coffee graded by the Exchange shall first (1<sup>st</sup>) submit to the Exchange a Sampling Order in the form prescribed by the Exchange. eCOPS will assign an Exchange identification number to each Sampling Order.

(2) No Sampling Order will be processed unless it is fully completed.

**(b) Resubmissions.**

(1) A Sampling Order may be submitted covering coffee previously submitted to the Exchange for grading, only if the Exchange issued a Certificate of Grade with respect to such coffee. If the submitter previously submitted such coffee, he must input into the Sampling Order the number of the Certificate of Grade under which such coffee was previously graded and the respective grade thereof.

(2) In the event such coffee is found to satisfy the minimum standards for delivery hereunder, the Exchange shall issue a new Certificate of Grade (bearing the date of the new Certificate of Grade) reflecting the results of the regrading.

**(c) Sampling.**

The Exchange shall have the coffee covered by the Sampling Order sampled by a Master Sampler in accordance with Exchange sampling procedures.

**(d) Selection of Grading Panel.**

Upon receipt of a sample drawn and delivered by a duly-licensed Master Sampler in accordance with Exchange procedures, the Exchange shall randomly select three (3) graders from the list of licensed graders who will examine such sample and determine whether such sample satisfies the delivery standards under a Coffee "C" Futures Contract.

**(e) Procedures for Grading.**

Graders shall grade samples in accordance with normal commercial practice and:

(1) shall only grade samples of such size as is contained in a standard aluminum tray which measures 5"x8" with 1.2" sidewalls with the tray filled and leveled off to the top;

(2) shall not perform any grading unless an Exchange employee is present in the grading room at all times during such grading;

(3) shall test no fewer than six (6) cups of each Chop in determining whether coffee is sound and free from all unwashed and aged flavors in the cup; and

(4) shall examine the roasted coffee in determining whether coffee is of good roasting quality.

**(f) Minimum Standards.**

The minimum standards for delivery under the Coffee "C" Futures Contract are as follows:

(1) The coffee is sound and free from all unwashed and aged flavors in the cup;

(2) The coffee is of good roasting quality;

(3) The coffee is of such bean size that (i) fifty percent (50%) of the coffee sampled screens fifteen (15) or larger, and (ii) no more than five percent (5%) of the coffee sampled screens below fourteen (14);

(4) The coffee is greenish and free of foreign odors; and

(5) The coffee contains no more than fifteen (15) full imperfections below the basis, except that in the case of Colombian coffee the maximum number of full imperfections below the basis shall be ten (10).

**(g) Schedule of Imperfections.**

(1) The following constitute one (1) full imperfection:

one (1) full black;

one (1) full sour;

one (1) pod or cherry;

five (5) shells;

five (5) broken or cut beans;

two (2) to five (5) partly black or partly sour or partly immature beans, depending upon the extent to which each bean is discolored or spoiled;

five (5) floaters;

three (3) sticks smaller than one-half (1/2) inch;

one (1) stick ranging in size from one-half (1/2) inch to one (1) inch;

three (3) stones below screen twelve (12);

one (1) stone below screen sixteen (16) but above screen twelve (12);

two (2) to three (3) hulls or husks, depending upon size;

ten (10) bored beans; and

two (2) to three (3) parchments, depending upon size.

(2) The following constitute two (2) full imperfections:

one (1) stick ranging in size from greater than one (1) inch to two (2) inches; and

one (1) stone below screen twenty (20) and above screen fifteen (15)

(3) The following constitute three (3) full imperfections:

one (1) stick larger than two (2) inches; and

one (1) stone above screen twenty (20).

(4) Any additional non-coffee item shall be one (1) full imperfection.

**(h) Schedule of Bases.**

For purposes of these procedures, the bases of various growths of coffee are as follows:

(1) Coffee of Guatemala, Salvador, Mexico, Costa Rica, Nicaragua, Honduras, Kenya, Tanzania, Uganda, Papua New Guinea, Peru, Venezuela, Dominican Republic, Burundi, Ecuador, India, Rwanda, Brazil and Panama—eight (8) full imperfections; and

(2) Coffee of Colombia—thirteen (13) full imperfections.

**(i) Decision of Graders.**

The grading panel shall determine by majority vote whether the coffee graded satisfies the minimum standards for coffee deliverable under the Coffee “C” Futures Contract. For purposes of determining whether the coffee graded has no more than the maximum number of imperfections, the Exchange shall take the average of the number of imperfections calculated by each grader.

**(j) Certificate of Grade.**

The Exchange shall issue a Certificate of Grade with respect to the Chop of coffee covered by the Sampling Order, provided that

(1) such coffee has been sampled in accordance with Exchange sampling procedures and a majority of the graders has found that such coffee satisfies the minimum standards established for coffee to be delivered under the Coffee “C” Futures Contract;

(2) such coffee is in a Licensed Store and the Exchange shall have received a certification of uniformity from the Master Sampler, in such form as the Exchange may prescribe from time to time;

(3) the licensed warehouse in which the coffee is located has issued an EWR confirming the receipt and storage of such coffee;

(4) if the Sampling Order indicates that the coffee submitted thereunder has been imported from ports other than the port of origin:

(i) the Sampling Order shall be deemed to include a certification by the Person submitting the Sampling Order or his authorized representative substantially in the following form:

"I hereby certify that the information contained in the Sampling Order is full and complete. The coffee for which grading has been requested has not been removed from its original bags, and I have in my possession documents or other evidence to substantiate this fact. I will accept full responsibility for the accuracy of this certification."; and

(ii) such Person shall furnish the Exchange with full particulars of the ports at which the coffee was located and the ships in which the coffee was transported from the time the coffee was shipped from the port of origin to its arrival in the Port of New York District, the Port of Antwerp, the Port of Hamburg/Bremen, the Port of Barcelona, the Port of Houston, the Port of New Orleans, the Port of Miami or the Port of Virginia accompanied by a consular invoice or a copy of an I.C.O. (International Coffee Organization) Certificate of Origin (Form O, R OR T), or a bill of lading sufficient to identify the original port of shipment of the coffee. This information will be retained by the Exchange and disclosed upon request, but the Exchange will not ascertain the accuracy or validity of such information.

(5) The provisions of subparagraphs (2) through (4) hereof must be satisfied within two (2) calendar months of the date the coffee was graded.

**(k) Reserved.**

**(l) Fees.**

The fee for grading is hereby established as one dollar and twenty five cents (\$1.25) per bag of coffee with a minimum fee of forty dollars (\$40.00). All fees will be paid by the Person submitting a Sampling Order at the time the Sampling Order is created. In the event coffee covered by a Sampling Order is not graded for any reason, the Exchange will refund to the submitter thereof sixty two cents (\$.62) per bag.

**(m) Appeal.**

(1) The decision of the grading panel shall be final and binding unless appealed by the owner of the coffee in accordance with this paragraph.

(2) The owner of the coffee submitted under these procedures may appeal from any decision of the graders by filing in duplicate a written Notice of Appeal with the Exchange within two (2) Business Days after notification of the results of grading. Notices of Appeal shall be in the form prescribed by the Exchange.

(3) Upon the filing of a Notice of Appeal, the sample or samples of the Chop or Chops of the coffee with respect to which the appeal is made, or, if the owner so chooses and at his expense, a different sample obtained in accordance with Appendix I of the Coffee "C" Futures Contract Rules and from the coffee that is the subject of the appeal, shall be submitted for grading to three (3) qualified graders selected randomly by the Exchange from the panel of licensed graders. The graders so selected shall not include any grader who rendered the decision being appealed or any grader who may not be impartial within the meaning of the Rules.

(4) A majority decision of the appeals panel of graders may not be appealed.

(5) The fee for an appeal shall be one dollar twenty five cents (\$1.25) per bag and shall accompany the Notice of Appeal. If the original decision under appeal is modified, the Exchange shall reimburse forty cents (\$.40) per bag to the appellant.

**(n) Impartiality.**

(1) Graders must be impartial and unbiased. They shall not be told the identity of the samples they are grading, but shall be informed of all duplicate Chops.

(2) No grader may grade coffee if he has an interest in the coffee to be graded. No licensed grader may grade coffee if the grader or an immediate family member: (i) directly or indirectly has an ownership interest in, or is a partner or employee of, a Firm which has an ownership interest in the coffee submitted for grading; (ii) commencing five business days prior to first notice day of the expiring coffee delivery month, directly or indirectly holds or controls a position in such delivery month or is a partner or employee of a Firm which holds or controls a position in such delivery month; (iii) directly or indirectly has an ownership interest in, or is an employee of, the warehouse operator where the coffee submitted for grading is stored; or (iv) has any other business or personal relationship that poses a conflict of interest with respect to the grading of coffee under Exchange Futures Contracts.

**Amended by the Board April 9, 2008; effective October 1, 2008 [¶¶ (l) and (m)].**



Amended by the Board December 9, 2010; effective with the March 2013 delivery month and all subsequent delivery months thereafter [¶¶ (e)(3), (f)(1) and (h)(1)].

Amended by the Board March 21, 2012; effective with the March 2013 delivery month and all subsequent delivery months thereafter [¶ (g)].

Amended by the Board October 25, 2012; effective January 2, 2013 [¶¶ (l) and (m)].

Amended by the Board September 25, 2013; effective October 31, 2013 [¶ (n)].

Amended by the Board July 9, 2014; effective July 28, 2014 [¶¶ (j)(4)(ii) with the addition of the Port of Virginia].

Amended by the Board June 23, 2016; effective July 25, 2016 [¶¶ (g)(1) through (g)(4)].

Amended by the Board June 22, 2017; effective July 10, 2017 [¶¶ (e)(1)].

### APPENDIX III

#### Procedures for Weighing Coffee

The following procedures must be followed by Members and Licensees in connection with the weighing of Coffee "C":

##### (a) Weighers.

In order to be delivered under a Coffee "C" Futures Contract, coffee must be weighed in accordance with these procedures by a weighmaster licensed by the Exchange. As used herein, the term "Weigher" means an employee or agent of a weighmaster who weighs coffee and the term "Weighmaster" means the employer of the Weigher who weighs the coffee. The failure of a Weighmaster and/or Weigher to comply with the requirements of these procedures will subject such Weighmaster to fines and penalties as provided in the Licensing Rules of the Exchange.

##### (b) Procedure.

(1) A Weigher shall act in a manner consistent with commercial practice as modified by these procedures.

(2) If the coffee to be weighed is bagged in a manner inconsistent with normal commercial practice, the Weigher thereof shall immediately report such fact to the Exchange and shall make a notation thereof on the Weight Note issued hereunder.

(3) If the number of slack bags in a Lot is greater than the maximum permitted under the Rules, the Weigher may level off (i.e., dump and mix) coffee of the same Chop, provided such coffee has previously passed grade and been issued a Certificate of Grade. If coffee is leveled off as provided therein, the warehouse must certify in writing that the coffee is uniform after such leveling off.

(4) An allowance shall be made for actual tare. Actual tare shall be based on the weight of the following number of bags using a tare bag scale. (If all bags in a given Chop are not uniform, actual bag tare shall be calculated with respect to each type of bag in such Chop.)

- (i) one (1) bag for each Chop consisting of one (1) to twenty-five (25) bags;
- (ii) two (2) bags for each Chop consisting of twenty-six (26) to seventy-five (75) bags;
- (iii) three (3) bags for each Chop consisting of seventy-six (76) or more bags.

##### (c) Weight Note.

(1) A Weighmaster shall issue a Weight Note in the form prescribed by the Exchange which shall, at a minimum, include:

- (i) the date, to be known as the date of the Weight Note for all purposes under the Rules, on which the weighing of the coffee referred to in the Weight Note was completed;
- (ii) the location of the coffee weighed;
- (iii) the date(s) on which the coffee was weighed;
- (iv) the weight of the coffee, (gross, tare, and net); and
- (v) the actual tare.

(2) The Weight Note shall be deemed to include a certification to the effect that (A) the coffee was weighed in accordance with the procedures set forth in this Appendix III and (B) the weights are correctly reported on the Weight Note.

**(d) No Exchange Liability.**

The Exchange shall not be liable in any way by reason of the fact that the coffee covered by a Weight Note was not weighed, or that a Weight Note was not prepared, in accordance with these procedures. The Exchange has no liability for any actions or omissions of its own employees or others in connection with weighing of Exchange coffee.

**(e) Scales.**

Scales must meet the specifications of the National Institute of Standards and Technology and must be calibrated within twenty (20) days before the first (1<sup>st</sup>) delivery date of each Exchange delivery period, by a certified scale company. Scales having a weight capacity over one thousand (1,000) pounds, shall have a tolerance level of one (1) pound, plus or minus, per one thousand (1,000) pounds, and must be tested before each day of weighing. The owner of the scales must produce evidence of the last calibrated test by showing a card of identification upon which is recorded the number and make of the scales, the date when tested and the signature of the Weighmaster (or his substitute) and scale company technician who was present at the time the test was made.

**(f) Impartiality.**

A Weighmaster may not, personally or through a representative, make inquiries about the prior weights of any coffee, slack bags or the general condition of the coffee.

## **APPENDIX IV**

### **Coffee "C" Differentials**

The differentials for coffees delivered under the Coffee "C" Futures Contract are as follows:

(1) There will be a differential of ten (10) points for each full imperfection below the basis. No delivery of coffee containing more than fifteen (15) full imperfections below the basis, or twenty-three (23) full imperfections, shall be permitted; except that in the case of Colombian coffee, no delivery containing more than ten (10) full imperfections below the basis shall be permitted.

(2) The differences in value between various grades and growths shall be as follows:

**Schedule C-2**

|   |                |
|---|----------------|
| Mexico, Salvador, Guatemala, Costa Rica, Nicaragua, Kenya, Papua New Guinea, Tanzania, Uganda, Panama, Peru and Honduras..... | Basis          |
| Colombia .....  | Plus 400 pts.  |
| Venezuela, Burundi, Rwanda and India .....  | Minus 100 pts. |
| Dominican Republic, Ecuador .....   | Minus 400 pts. |
| Brazil .....  | Minus 600 pts  |

**Schedule C-3**

|   |                |
|---|----------------|
| Difference in Value Between Delivery Ports            |                |
| New York Port District and the Port of Virginia ..... | Basis          |
| New Orleans Port District .....                       | Minus 50 pts.  |
| Miami Port District.....                              | Minus 50 pts.  |
| Antwerp Port District.....                            | Minus 125 pts. |
| Hamburg/Bremen Port District .....                    | Minus 125 pts. |
| Houston Port District .....                           | Minus 50 pts.  |
| Barcelona Port District.....                          | Minus 125 pts. |

**Amended by the Board December 9, 2010; effective with the March 2013 delivery month and all subsequent delivery months thereafter [(Schedule C-2)].**

**Amended by the Board February 27, 2014, effective with the May 2016 Contract delivery month and all subsequent delivery months thereafter [Schedule C-2].**

**Amended by the Board July 9, 2014; effective July 29, 2014 [with the addition of the Port of Virginia – Schedule C-3]**

**Amended by the Board March 23, 2017; effective April 12, 2017 [with the May 2019 delivery month and all subsequent delivery months thereafter [Schedule C-3].**

**APPENDIX V**  
**Price Adjustments**

Every Exchange Invoice shall include the following adjustments to the price stated on a Delivery Notice:

(1) A deduction of fifty (50) points in the case of coffee delivered between one hundred twenty-one (121) and one hundred fifty (150) days subsequent to the date of the Certificate of Grade;

(2) In the case of coffee delivered between one hundred fifty (150) and three hundred sixty (360) days subsequent to the date of the Certificate of Grade, a deduction of fifty (50) points for the first (1<sup>st</sup>) one hundred fifty (150) days and a deduction of twenty-five (25) points for each additional thirty (30) day period (or fraction thereof);

(3) In the case of coffee delivered between three hundred sixty (360) and seven hundred twenty (720) days subsequent to the date of the Certificate of Grade, a deduction of two hundred twenty-five (225) points for the first (1<sup>st</sup>) three hundred sixty (360) days and a deduction of fifty (50) points for each additional thirty (30) day period (or fraction thereof):

(4) In the case of coffee delivered between seven hundred twenty (720) and one thousand eighty (1080) days subsequent to the date of Certificate of Grade, a deduction of eight hundred twenty-five (825) points for the first (1<sup>st</sup>) seven hundred twenty (720) days and a deduction of one hundred (100) points for each additional thirty (30) day period (or fraction thereof);

(5) In the case of coffee delivered between one thousand eighty (1080) days and one thousand four hundred forty (1440) days subsequent to the date of the Certificate of Grade, a deduction of two thousand twenty-five (2025) points for the first (1<sup>st</sup>) one thousand eighty (1080) days and a deduction of one hundred twenty-five (125) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(6) In the case of coffee delivered between one thousand four hundred forty (1440) and one thousand eight hundred (1800) days subsequent to the date of the Certificate of Grade, a deduction of three thousand five hundred twenty-five (3525) points for the first (1<sup>st</sup>) one thousand four hundred forty days and a deduction of one hundred fifty (150) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(7) In the case of coffee delivered between one thousand eight hundred (1800) and two thousand one hundred sixty (2160) days subsequent to the date of the Certificate of Grade, a deduction of five thousand three hundred twenty-five (5325) points for the first one thousand eight hundred (1800) days subsequent to the date of the Certificate of Grade and a deduction of one hundred seventy-five (175) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(8) In the case of coffee delivered between two thousand one hundred sixty (2160) and two thousand five hundred twenty (2520) days subsequent to the date of the Certificate of Grade, a deduction of seven thousand four hundred twenty-five (7425) points for the first two thousand one hundred sixty (2160) days and a deduction of two hundred (200) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(9) In the case of coffee delivered between two thousand five hundred twenty (2520) and two thousand eight hundred eighty (2880) days subsequent to the date of the Certificate of Grade, a deduction of nine thousand eight hundred twenty-five (9825) points for the first two thousand five hundred twenty (2520) days and a deduction of two hundred twenty-five (225) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(10) In the case of coffee delivered between two thousand eight hundred eighty (2880) and three thousand two hundred forty (3240) days subsequent to the date of the Certificate of Grade, a deduction of twelve thousand five hundred twenty-five (12525) points for the first two thousand eight hundred eighty (2880) days and a deduction of two hundred fifty (250) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(11) In the case of coffee delivered between three thousand two hundred forty (3240) and three thousand six hundred (3600) days subsequent to the date of the Certificate of Grade, a deduction of fifteen thousand five hundred twenty-five (15525) points for the first three thousand two hundred forty (3240) days and a deduction of two hundred seventy-five (275) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(12) In the case of coffee delivered more than three thousand six hundred (3600) days subsequent to the date of the Certificate of Grade, a deduction of eighteen thousand eight hundred twenty-five (18825) points for the first three thousand six hundred (3600) days and a deduction of three hundred (300) points for each additional thirty (30) day period (or fraction thereof) thereafter;

(13) A deduction equal to the product of (i) the price per pound indicated in the Delivery Notice and (ii) the weight of any samples drawn by the Deliverer after the date of the Weight Note.

(14) A deduction equal to the product of the price per pound indicated in the Delivery Notice and an amount which has been calculated for the period from the date of weighing specified on the Weight Note to the delivery date specified in the Delivery Notice using the rates set forth below:

(a) a reduction of one-half of one percent (0.5%) of the weight shown on the Weight Note for the second calendar month (or part thereof) following the date of the weighing plus one-eighth of one percent (0.125%) of such weight for each additional calendar month (or part thereof) thereafter.

(15) In the case of coffee delivered in any delivery point, an Outbound Cost Adjustment (“OCA”) which is calculated by the Exchange as of the last business day of the calendar month preceding the delivery month. The OCA shall be calculated by deducting the posted Load Out rate for the licensed warehouses in which delivery is being made from the average of posted Load Out rates for all licensed warehouses in the Port of New York. A negative OCA shall be a reduction in the invoice price, and a positive OCA shall be an addition to the invoice price.

(16) In the case of coffee delivered in any delivery point, a Rent Cost Adjustment (“RCA”) which is calculated by the Exchange as of the last business day of the calendar month preceding the delivery month. The RCA shall be calculated by: (1) deducting the posted monthly Storage rate for the licensed warehouse in which delivery is being made from the average of posted monthly Storage rates for all licensed warehouses in the Port of New York to determine the “monthly rent cost adjustment amount”; and (2) multiplying that “monthly rent cost adjustment amount” by 2 in the case of deliveries against the March, May and July delivery months and by 3 in the case of deliveries against the September and December delivery months. A negative RCA shall be a reduction in the invoice price, and a positive RCA shall be an addition to the invoice price.

**Amended by the Board December 9, 2010; effective with the March 2013 delivery months and all subsequent delivery months thereafter [¶¶ (4) through (15)].**

**Amended by the Board July 9, 2014; effective July 29, 2014 [¶ (15) with the addition of the Port of Virginia].**

**Amended by the Board March 23, 2017; effective April 12, 2017 [with the July 2017 delivery month and all subsequent delivery months thereafter ¶(15)].**

**Amended by the Board March 23, 2017; effective April 12, 2017 [with the May 2019 delivery month and all subsequent delivery months thereafter ¶(16)].**

## **APPENDIX VI**

### **Permitted Bagging of Bulk Coffee**

Notwithstanding anything to the contrary in Chapter 8 which prohibits such bagging or is contrary to this process, coffee that has been bagged by a licensed warehouse operator at a licensed warehouse may be submitted for grading and be eligible for delivery pursuant to the provisions and procedures in this Resolution.

#### **(a) ELIGIBILITY:**

- (1) In order to be eligible for submission for Exchange grading and delivery following bagging, the coffee must meet each of the following criteria:
  - i. The coffee must have been shipped from origin in a supersack or lined container and must arrive at the licensed warehouse in that original supersack or lined container;
  - ii. An EWR containing the Bill of Lading number, country of origin, marks, and container number of such coffee must have been created at the time the coffee arrives at the licensed warehouse and prior to the bagging of such coffee;
  - iii. The bagging must be performed at the licensed warehouse by the respective licensed warehouse operator; and
  - iv. The bags used must be new, food grade bags that are properly marked and otherwise conform to the bag requirements of Rule 8.14 as to material and weight, and must be stenciled with the marks from the supersack (if any).
- (2) Prior to bagging pursuant to this Appendix, the coffee may be stored in the Exchange licensed warehouse in the original supersack or in a silo, however the coffee must be stored at all times in such a manner that the integrity of the coffee as to country of origin, marks and container number as stated above is kept intact.

#### **(b) SAMPLING, GRADING, WEIGHING AND STORAGE:**

- (1) Sampling of a lot that includes any coffee that has been bagged pursuant to the provisions of this Appendix may only occur after completion of the bagging process, and sampling of the lot shall be done pursuant to the provisions of Appendix I.
- (2) Any lot that includes any coffee that has been bagged pursuant to the provisions of this Appendix shall be subject to the grading and weighing provisions of Appendices II and III, and to the Warehouse Procedures and Recordkeeping Requirements for the Storage of Exchange Coffee of Coffee Resolution No. 1.

(c) **DIFFERENTIALS AND PRICE ADJUSTMENTS:**

- (3) Coffee that has been bagged pursuant to the provisions of this Appendix and that has been sampled, graded, weighed and certified in accordance with the provisions of the Rules shall be subject to the same price differentials and price adjustments as provided in Appendices IV and V.

**Adopted by the Board September 25, 2013; effective October 31, 2013.**

## COFFEE "C" RESOLUTIONS

### **No. 1. Warehouse Procedures and Recordkeeping Requirements for the Storage and Loadout of Exchange Coffee**

RESOLVED, THAT the following are the minimum acceptable standards and procedures to be followed by Exchange licensed coffee warehouses in connection with the storage of Exchange-certified Coffee.

#### **I. Location and Physical Structure of Warehouse**

Any location for the storage of Exchange Coffees must be maintained on a continuing basis in accordance with the following standards and shall be subject to examination by the Exchange:

1. It shall be weather tight and rodent proof as to roof, walls, doors and windows. Any hole or opening which allows access to weather, rodents, or birds must be sealed. Floors must be free of cracks, seep holes, and crevices. Holes which are screened are considered rodent proof.

2. It shall comply with all applicable laws, customs and other requirements of each jurisdiction in which any Licensed Store is located, including any pertinent fire regulations and have sufficient floor load limits.

A. If, at any time, any licensed warehouse operator becomes aware that the laws of the jurisdiction, in which a Licensed Store is located, conflict, or are likely to conflict, with the requirements of the Rules, the warehouse operator shall immediately notify the Exchange. In the event of a conflict, the Exchange shall determine whether, in its reasonable opinion, the conflict is reconcilable with the Rules and shall determine whether, in its absolute discretion what action, if any, to take. If the Exchange determines in its sole discretion that the conflict will not immediately prejudice the warehouse operator from complying with the Rules, the Exchange shall, without prejudice to its rights and powers under the Rules, consult with the warehouse operator as to what, if any, remedial action to take.

3. It shall have light sufficient to permit cleaning crews to work and weighing and sampling to be performed efficiently and to identify storage deficiencies and problems without the need for any supplemental lighting, but it need not have natural light.

a. Sufficient lighting in an empty warehouse shall be defined as a minimum reading of two (2.0) foot-candles on a light meter calibrated at two hundred (200) foot-candles as recorded on the floor at all storage locations in the storage area during scheduled working hours.

b. Sufficient lighting in a warehouse with cargo in store shall be defined as a minimum reading on a light meter calibrated at two hundred (200) foot-candles of:

(i) 2.0 foot-candles as recorded on the floor in the center of all equipment aisles.

(ii) .4 foot-candles as recorded on the floor in the center of all sampling and inspection aisles.

The above will be basis a light meter approved by the Exchange.

4. It shall have proper ventilation to the outside. Proper ventilation may include screened openings positioned to allow ventilation using prevailing winds. Windows, ventilators or other ventilating openings shall be screened at all times.

5. It shall not be artificially heated except to a minimum level to prevent freezing of pipes.



6. It shall have (and the warehouse shall maintain) a sufficient number of material handling devices (e.g., fork lift trucks, elevators, etc.) which are operable and available to perform the warehouse's duties in an orderly and efficient fashion.

7. It shall be free of leaking pipes.

8. It shall be equipped with operational toilet facilities which are clean, in good repair and supplied with proper soaps, towels, etc. Alternatively, public toilet facilities must be located within one hundred (100) yards of the warehouse facility.

9. It shall have signs, clearly visible in all toilets, requiring employees to wash hands after use of the toilet facilities.

10. It shall have signs, clearly visible at all entrances, prohibiting smoking, eating or drinking in the warehouse except in designated areas which are closed off and separated from the storage areas.

11. It shall have signs or postings, clearly visible throughout the warehouse, marking storage locations within the building.

12. It shall be physically segregated from any non-licensed storage areas by walls and doors sufficient to prevent access by rodents, insects, or odors.

## **II. Housekeeping Practices**

1. The floor shall be maintained broom clean at all times. Active storage areas shall be swept clean at the end of each work day. Inactive storage areas, corners, ledges or other non-storage areas must be kept clean at all times.

2. It shall inspect the warehouse on at least a weekly basis so that the walls, ceiling, overhead pipes, and beams shall be maintained reasonably free of cobwebs, accumulated dirt, dust, excrete, loose foreign matter, peeling paint or damaged insulation.

3. It shall store and dispose of rubbish in a manner which will minimize the development of odor and prevent waste from becoming an attractant, harborage or breeding place for pests.

4. It shall repair cracks, seep holes and crevices in floors and walls (such as around door frames, expansion joints, pipes and sills).

5. It shall maintain outside areas free of conditions which may result in a buildup of pest problems, including, but not limited to, all outside loading and unloading areas as well as the grounds around the warehouse.

These conditions include, but are not limited to:

A. Litter and waste which must be deposited in and secured in containers with tight fitting covers.

B. Uncut vegetation which must be no higher than four (4) inches within thirty (30) feet of the building line.

C. Improper or inadequate drainage.

## **III. Basic Storage Practices**

In order to ensure adequate space for sampling, inspection and effective fire protection, to assist ventilation, to aid in circulation and generally provide ample space for appropriate pest control programs:

1. Coffee shall be stored on pallets which provide a minimum of four (4) inches distance from the floor. In no event shall any coffee bag touch the floor or overhang the edge of a pallet more than four (4) inches.

2. The pallets, including those stored for future use, must be kept clean and in good repair. Before each use, pallets must be cleaned of all foreign matter, including, but not limited to, dirt, dead or live insects, pupal cases, webbing, etc.

3. Coffee shall be stored a minimum of twenty-four (24) inches from the ceiling, and a minimum of eighteen (18) inches below any sprinkler head.

4. Coffee shall be stored a minimum of eighteen (18) inches from any wall

5. A minimum of eighteen (18) inches of space shall be maintained between coffee piles. The coffee piles shall be stored in such a manner as to permit at least two (2) faces (front or back and one (1) long side) of each application or Lot to be available for inspection and/or sampling. Coffee shall not be stored higher than five (5) pallets high or one hundred (100) bags high, whichever is less. The equipment aisles should have at least thirteen and one-half (13.5) feet of space for equipment to operate without contacting bags of coffee.

6. Slack bags must be placed on a separate pallet in front of the pile. This pallet shall be stored in front of the Exchange Lot or at the top tier at the front of the Lot.

7. All space requirements shall be measured from the bag or the pallet, whichever is closer, to the sprinkler, ceiling, or wall, etc.

8. Coffee shall be stored in accordance with all applicable local, state, federal or government regulations.

#### **IV. Stored Coffee**

1. All coffee bags entering a Licensed Store must be kept clean and free from any and all foreign matter which could be detrimental to the delivery of the coffee contained therein. The owner of the coffee shall be responsible for the cleaning or re-conditioning of coffee bags entering a Licensed Store.

2. The warehouse shall be responsible to the owner for maintaining coffee bags in a Licensed Store in accordance with Exchange standards. The warehouse shall keep stored coffee bags and beans clean, undamaged and free from any and all foreign matter (including but not limited to dirt, bird droppings, dead or live insects, pupal cases, webbing) which could be detrimental to the delivery of the coffee. The warehouse shall conduct a weekly inspection of each Lot of Exchange Coffee to determine its condition and conformity with Exchange standards. The warehouse shall take all necessary precautions to prevent contamination/infestation of the bags. It shall prepare and maintain a log documenting that the weekly inspections are conducted. The log shall contain, but shall not be limited to, the following information: the location of the warehouse, the date the inspection was conducted, the name of the individual conducting the inspection and any findings that require the warehouse to perform maintenance work on the bags and the Exchange application and/or lot numbers of the bags that require such work.

3. Torn bags, bags from which beans are sifting, or bags which are in peril of having coffee beans spilled therefrom must be promptly repaired. The floor of the Licensed Store must be kept free of spilled beans.

4.(A) Except with respect to the prompt repair of torn bags, bags from which beans are sifting or bags which are in peril of coffee beans being spilled therefrom, prior to undertaking any other maintenance of coffee bags in a Licensed Store, including the rebagging of coffee,

the warehouse shall notify the owner, in writing, of the maintenance to be performed and provide the owner five (5) Business Days from receipt of the notice within which to respond.

(B) If no response is received by the warehouse within such time, the owner shall be deemed to have authorized the maintenance and all costs associated with said maintenance.

(C) If the response received from the owners is, in the opinion of the warehouse, insufficient to bring the cargo into compliance with Exchange standards, the warehouse shall notify the Exchange.

(D) Notwithstanding the subparagraphs (A)-(C) of this paragraph 4, if in accordance with subparagraph (A), a warehouse notifies an owner that the bags are in need of rebagging, the following procedures shall apply:

(i) At the time the notice is sent to the owner, the warehouse must indicate in eCOPS that the bags are in need of rebagging ("rebagging indicator").

(ii) The owner shall have five (5) Business Days from receipt of the notice to file with the warehouse an objection to the warehouse's notice to rebag. At the same time, a copy of such objection shall be filed with the Exchange and accompanied by a non-refundable fee in the amount of three hundred seventy-five dollars (\$375) payable to the Exchange.

(iii) If no objection is received by the warehouse and the Exchange within such time, the owner shall be deemed to have authorized the rebagging and all costs associated with said rebagging. Once the coffee is rebagged, the warehouse must remove the rebagging indicator on eCOPS as soon as possible.

(iv) If the owner files a timely objection with the warehouse and the Exchange and has paid the required non-refundable fee to the Exchange, the Exchange will cause the bags to be surveyed by an Exchange licensed warehouse inspector selected randomly by the Exchange from the panel of licensed inspectors. The inspector will visually survey the bags and determine whether the bags are in need of rebagging. The determination of the inspector shall be furnished in writing to the owner and the warehouse by the Exchange. The determination of the inspector shall be final and binding, and there shall be no appeals therefrom.

(a) If the inspector determines that the coffee does not need to be rebagged, the warehouse must remove the rebagging indicator on eCOPS as soon as possible.

(b) If the inspector determines that the coffee needs to be rebagged, the warehouse shall maintain the rebagging indicator until such time as the coffee has been rebagged, and the owner shall pay the inspector's fee promptly upon receipt of a bill therefore from the Exchange.

(v) If the owner does not want the warehouse to rebag the coffee but would rather have the rebagging indicator remaining on such Lots in eCOPS, within the five (5) Business Days from the receipt of the notice, the owner must send written notice to the warehouse and the Exchange that the owner does not want the coffee rebagged and that the rebagging indicator should remain on the Lots, provided, however, that, if after sixty (60) days from the date of the warehouse notice to the owner the rebagging indicator remains on the Lots, the Lots will lose its Certificate of Grade.

(E) If a Lot is flagged with a rebagging indicator in eCOPS, such Lot is not eligible for delivery under the Coffee "C" Futures Contract Rules.

(F) Notwithstanding the provisions of subparagraph (D) of this paragraph 4, if the owner sends a written notice to the warehouse authorizing and promising to pay for the rebagging, the warehouse shall remove the rebagging indicator in eCOPS.

5. It shall be the responsibility of the warehouse to ensure that each Chop of Exchange Coffee is properly identified, both in the storage area and in the warehouse's office records.

6. If excessive spillage results from sampling, the warehouse shall promptly notify the sampler and the Exchange.

7. It shall remove all coffee from slings upon weighing the coffee into Exchange Lots.

## **V. Pest Control**

1. Warehouses which store Exchange Coffees shall cause recognized pest control companies to conduct periodic inspections of their facilities and implement effective pest control programs so that there shall be no birds, rodents or other animals (including dogs and cats) in a Licensed Store.

(I) It shall maintain a written pest control program, available for evaluation by Exchange personnel, which shall include:

- A. Name of key warehouse contact person
- B. Name of service provider
- C. Services to be performed
- D. Frequency of Service
- E. Conditions noted
- F. Provider comments

(II) It shall also maintain records which reflect:

- A. Fumigation dates
- B. Fumigant used
- C. Lots/sections fumigated
- D. Owner notification

2. No ingredient used for pest or rodent control shall be used in such a manner or in such places as to contaminate the coffee.

3. The warehouse shall remove from the area in or around the storage facility such known bird attractions as grains, foods and similar materials.

4. It shall render rodent control services at least twice per month.

5. It shall maintain rodent control equipment along inside perimeter walls spaced twenty-five (25) feet, or less, apart. Rodent control equipment shall also be placed on both sides of exterior entryways inside of the building at a distance not to exceed five (5) feet from an entryway. Rodent control equipment can be glue boards, traps or other mechanical devices.

6. Rodent control programs shall take into consideration the exterior as well as the interior conditions of the warehouse.

7. Bait is to be used only on the exterior. The bait shall be safe and effective. Only anticoagulant poisons or their equivalent in effectiveness and safety shall be used in enclosed bait stations, with no bait being used inside the warehouse.

8. It shall ensure pesticides (insecticides, rodenticide, avicides, etc.) used in the warehouse pest control program are registered with the appropriate government agencies and used in the appropriate manner in accordance with approved label directions. Rodent tracking dust shall not be used in the warehouse.

A. If required by law, applicators are to be certified.

B. Application must be performed in such a manner as not to damage the coffee beans.

9. One (1) full time warehouse employee shall be assigned as key contract Person on pest control issues/procedures.

**VI. Control of Other Products Stored in Coffee Areas**

The warehouse shall store coffee separate from other cargo which may adversely affect the coffee such as chemicals, high fire risk materials and odorous products.

No odorous products or things may be stored in such manner or place as to enable the odor to be imparted to the coffee. The odor from any odorous product or thing must not be discernible within the coffee storage area. No coffee should be stored in any area where such foreign odors prevail or where hazardous or high fire risk materials are stored.

**VII. Record Retention**

The following records relating to Exchange Coffee shall be kept and maintained by the warehouseman for at least the indicated periods of time after the coffee has been removed from the warehouse, decertified or otherwise no longer identified as Exchange Coffee:

| <i>Category of Document</i>   | <i>Time Period</i> |
|---|--------------------|
| Delivery Orders.....  | 1 year             |
| Sampling Orders.....  | 2 years            |
| Receiving Reports.....  | 2 years            |
| Stock Record Cards.....   | 2 years            |
| Non-Negotiable Warehouse Receipts.....  | 2 years            |
| Storage Report.....   | 2 years            |
| Documents reflecting any movement of Exchange Coffee into or from a licensed store..... | 2 years            |
| Weight Notes.....   | 2 years            |

**VIII. Requirements**

All records must be kept neat, tidy, orderly and current so that auditors can verify warehouse records against physical stocks.

1. Before coffee may be placed in a Licensed Store, the warehouse must be in possession of a copy of the delivery order (or equivalent document or information) and the following identifying information for such coffee, which shall be reflected in the warehouse's records relating to such coffee:

a. Growth

b. Number of bags

c. Shipper's brand (if on the bags)

d. Crop year (if on the bags)

e. Marks and chop number (or letters) in their entirety

f. Carrier (*i.e.*, vessel, railroad or truck transport); location (pier, etc.); and date of arrival of vessel (where appropriate)

2. When coffee is physically placed in the store, the warehouseman shall record the identifying information for the coffee on the warehouse receiving report (or equivalent record). The warehouse shall also record all exceptions—*i.e.*, the number of stained, torn, mended, slack, short or improperly marked bags. A record of any exception noted by the warehouse shall be made, and the warehouse shall send a report describing such exception immediately to the storer of the coffee. If no exception is noted, a report to that effect shall be sent to the storer as soon as practicable. If improperly marked bags arrive at the warehouse, the storer shall be notified of such fact immediately by telephone before the delivering carrier leaves the warehouse.

3. The warehouse shall compare the identifying information for the coffee set forth on the delivery order or equivalent record with the information on the coffee bags. If there is a material difference between the information supplied on the delivery order (or equivalent record) and the information on the bags, the warehouse shall note such difference on the warehouse's receiving form (or equivalent record) and shall notify the storer of the coffee immediately of the discrepancy. No EWR shall be issued by the warehouse with respect to such coffee until the discrepancy with respect to the identification of the coffee has been resolved.

4. The warehouse shall record the identifying information for the coffee, as set forth on the coffee bags, on warehouse tags or marks stenciled on the bag, which shall be affixed at all times to at least two (2) sides of each pile of coffee bags. The tag or mark shall be placed on both sides of the coffee bags.

5. The warehouse shall maintain stock record cards (or equivalent records) for each Chop of Exchange Coffee on which shall be recorded all pertinent details necessary to fulfillment of an efficient warehouseman's responsibilities, including all movements of the coffee, changes in its ownership and when the coffee has been weighed.

6. The warehouse shall complete the EWR which shall identify the number of bags comprising the Chop, all markings contained on the bags (in their entirety), the specific location where the coffee is stored and the name of the carrier (*i.e.*, vessel, railroad, or truck transport) on which the coffee arrived. The warehouse shall also immediately modify the EWR, as necessary, by changing the number of bags listed on the EWR when one (1) or more of the bags are physically delivered out of the warehouse. Information pertaining to the EWR shall be:

- (a) Distributed to the storer of the coffee; and
- (b) Retained in the warehouse's records.

7. When coffee is sampled for the purpose of grading by Exchange licensed graders, a copy of the Sampling Order shall be left with the warehouseman and shall be maintained by the warehouse as part of the permanent files for the coffees covered by the Sampling Order.

- a. When a sample is drawn, the warehouse shall sign three (3) copies of the Sampling Order in the space provided.
- b. By signing the Sampling Order, the warehouse shall be deemed to certify that on the date the Sampling Order was signed the Sampler appeared at the Licensed Store indicated on the Sampling Order and left the premises with samples in his possession.
- c. The warehouse shall retain a copy of the Sampling Order which shall be retained in accordance with this Resolution.

8. When a chop has satisfied the requirements of the Exchange, a Certificate of Grade will be issued by the Exchange to the warehouse and the submitter of the coffee. Such Notice shall contain the growth, Exchange identification number, and all other information set forth on the

EWR pertaining to such coffee. All information on the Certificate of Grade should be verified against the information on the EWR, and the Exchange shall be notified immediately of any material discrepancy.

9. Once an Exchange Lot number has been assigned to coffee, both the Exchange ID number and the EWR number shall become part of the permanent record of that coffee and shall be noted on the warehouse storage report and warehouse tags, etc.

10. The Exchange identification number appearing on the Certificate of Grade shall be recorded on the warehouse's storage record card (or equivalent record), and all the information appearing on such Certificate of Grade shall be verified.

11. When bags of coffee are to be weighed into Exchange Lots, orders should be received from the owner of the coffee with complete identification and instructions as to:

- a. Exchange Lot number;
- b. EWR (if previously issued) or other appropriate chop identification;
- c. The approximate number of bags in each chop, together with identifying marks and chops; (The exact number of bags will be given to the warehouse by the Weigher);
- d. Carrier (*i.e.*, vessel, railroad or truck transport); location (pier, store, etc.); and arrival date of vessel (where appropriate);
- e. Cargo number; and
- f. Weighing instructions and name of the Weighmaster.

12. The warehouse should receive from the Weighmaster a complete report of the weight of bags that are torn, mended and slack; the weight of the sound bags; the Exchange Lot number for the bags; the location of the bags; any exceptions, including improperly marked bags; and whether any bags were lost in leveling off.

13. The warehouse shall separate Exchange certificated coffee from coffee which has not been certificated so that at any time the total number of bags of Exchange certificated Coffee can be determined.

14. It is a violation of the Rules for a warehouse to provide any Weighmaster or Weigher with any information pertaining to any previous weighing of coffee without the prior permission of the Exchange.

15. The warehouse shall promptly issue EWRs for any coffee stored by it upon the demand of the owner of the coffee. Any such EWR shall provide for a limit of liability of at least two hundred fifty (250) times the monthly storage rate of the goods.

16. The warehouse shall only accept an electronic delivery order for any Lot for which an EWR has been issued.

## **IX. Storage and Handling Rates**

1. At the time it applies for a license from the Exchange and at the time it applies for renewal of such license, the warehouse operator shall submit to the Exchange its charges for the storage and handling of Exchange Coffee (the "Rates"). Such Rates shall be reasonable and competitive with the Rates charged by other Exchange licensed coffee warehouse operators within the same Exchange delivery port.

2. The Rates may only be increased once per year with the renewal of the warehouse operator's license. The Exchange must receive written notice of any proposed increase in the Rates at least ninety (90) days prior to the renewal date of the warehouse operator's license.

3. The Exchange will review any proposed increase to determine if it is reasonable and competitive with the Rates charged by other Exchange licensed coffee warehouse operators

within the same Exchange delivery port. If the Exchange determines that the proposed increase in the Rates is reasonable and competitive, then the increase shall become effective on the renewal date of the warehouse operator's license. If the Exchange determines that the increase in the Rates is not reasonable and competitive, then the increase shall not become effective with respect to Exchange Coffee stored in the warehouse operator's Licensed Store(s).

#### **X. Violations**

Violations of the standards and procedures set forth in this Resolution shall not be grounds for a Receiver to reject a delivery or to hold a Deliverer in default, provided, however, that nothing in this Resolution shall alter or abridge the rights of a Receiver under any other provision of the Rules to reject a delivery or to hold a Deliverer in default.

#### **XI. Minimum Loadout Rate**

Following the receipt of a valid electronic delivery order for any lot for which an EWR has been issued, accompanied by instructions for prompt shipment, a Warehouse Operator shall promptly commence load out of coffee in accordance with the following minimum load out rates:

1. Warehouse Operators holding up to 450,000 bags or 1,800 contracts of Exchange certified coffee in a delivery point port shall load out a minimum of 3,750 bags, or 15 contracts, of Exchange certified coffee per working day in respect of each applicable delivery order; and
2. Warehouse Operators holding more than 450,000 bags or 1,800 contracts of Exchange certified coffee in a delivery port shall load out a minimum of 7,500 bags, or 30 contracts, of Exchange certified coffee per working day in respect of each applicable delivery order.

For purposes of determining compliance with the minimum load out rates, the actual loading out rate shall be calculated as an average over the period during which the coffee covered by a delivery order is loaded out.

Load out for each valid electronic delivery order must be completed in full within sixty (60) calendar days from the date (the "Commencement Date") on which the owner has fulfilled all its obligations in furtherance of the delivery order, or such other date as the owner and Warehouse Operator shall mutually agree. If after the expiry of sixty (60) calendar days from the Commencement Date the load out on a delivery order has not been completed in full, the Warehouse Operator may not collect any further storage charges on the balance of the coffee that is the subject of the delivery order.

Exchange certified coffee which is moved between two Licensed Stores of the same Warehouse Operator will not be counted towards the daily minimum load out requirements, and will not be subject to the minimum load out rate or the maximum number of days to complete loadout of a delivery order.

A Warehouse Operator that receives multiple Delivery Orders for loadout in the same period shall load out coffee pursuant to all such delivery orders in a consistent and equitable manner.

In the event that, on any day, loadout is hindered by a strike, lockout, or other cause beyond the control of the Warehouse Operator, such day shall not be counted in determining compliance of the Warehouse Operator with the minimum loadout rate or with calculating timely completion of loadout under these Rules.

**Amended by the Board April 11, 2007; effective April 16, 2007 [¶ VIII.16].**



**Amended by the Board April 15, 2009; effective April 24, 2009 [¶¶ (I), (IX) and (X).  
Amended by the Board December 15, 2011; effective January 9, 2012 [¶¶ (IX)(2) and (IX)(3)].  
Amended by the Board December 5, 2014; effective May 1, 2015 [(¶¶XI)].  
Amended by the Board June 21, 2018; effective July 13, 2018 [¶¶ (III)(4), (5) and (8)].  
Amended by the Board April 22, 2019; effective May 31, 2019 [¶¶ (IX)(3)].**